



STATE BUDGET HIGHLIGHTS



2000-01

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STATE OF CALIFORNIA





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OVERVIEW





OVERVIEW

The 2000-01 Budget makes significant new investments in education, giving schools new resources while funding efforts to improve student achievement, recruit and retain qualified teachers, and upgrade technology. The Budget also invests in transportation, health care, and tax relief, and directs bond proceeds in new parks and water projects. The Budget includes \$7.5 billion in one-time expenditures and a prudent reserve of \$1.78 billion.

Major Funding Increases for Education—Proposition 98 spending for K-12 education is \$38.1 billion, an increase of \$2.7 billion, or 7.6 percent, over the previous year. Per pupil spending increases by \$480, or 7.5 percent, to \$6,801. Total combined spending on K-12 and higher education accounts for 51 percent of the General Fund budget. The Budget funds the Governor's initiatives to improve student achievement and school performance, to recruit and retain qualified teachers, and upgrade classroom technology. The Budget also significantly increases funding for higher education.

Substantial New Investment in Transportation—The Budget includes funding for the first year of the Governor's six-year, \$6.9 billion Transportation Congestion Relief Plan, consisting of a General Fund appropriation and the transfer of the sales and use tax on gasoline to the program.

Significant Tax Relief—The Budget includes \$1.5 billion in tax relief. Vehicle license fees are reduced for motorists. The Budget also provides a one-time increase in assistance payments for low-income senior citizen homeowners and renters, includes a long-term credit for taxpayers who care for elderly or disabled people in their homes, and tax cuts for businesses to offset research and development costs, encourage rural investment, and allow a higher percentage of losses to be carried forward to subsequent years.



Protecting the Public Safety—The Budget provides for the construction of a crime laboratory for the Los Angeles region, extends the citizens' option for public safety program, sets aside funding for juvenile justice programs, provides funding for local juvenile detention facilities, funds DNA analysis for unsolved sexual assault cases, and increases parolee services and substance abuse treatment programs.

Expanding Health Care —The Budget expands health care programs for families and children, increases reimbursement rates for health care service providers, expands mental health services, and funds the Governor's Aging with Dignity Initiative.

Protecting Natural Resources and the Environment—The Budget includes bond allocations of \$1.2 billion for parks and \$763 million for water projects, reduces fees for entrance to state parks, expands water quality, air quality, and land conservation programs, and continues the State's commitment to address environmental restoration and water management in the San Francisco Bay and Sacramento-San Joaquin Delta.

THE ECONOMY





THE ECONOMY

Key Economic Indicators (Annual Percent Change)

	Actual	Forecast	
	1999	2000	2001
US Gross Domestic Product	4.2	4.9	3.0
California Nonfarm Employment	3.1	3.4	2.6
California Personal Income	7.8	7.4	5.4
California Consumer Prices	2.9	3.5	3.6
California Housing Permits (in thousands of units)	141	156	169

California's economy continues to post robust gains. Although there is some indication of slower national economic growth, significant turnarounds in the state's major export markets are providing an offset for the California economy.

The Nation

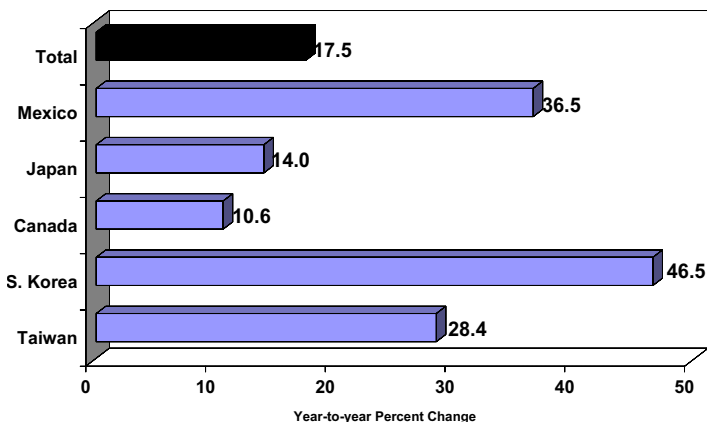
- ▲ Following three quarters of very rapid economic growth, recent data show unmistakable signs of a slowdown in U.S. activity. Retail sales declined in both April and May, factory orders were down in April, manufacturing growth has stalled, and job gains slowed significantly in May and June.
- ▲ Inflation remains well contained, with May consumer prices up only 0.1 percent and 0.2 percent at the producer level.
- ▲ Although interest rates may edge up an additional one-quarter to one-half percentage point over the next six to nine months, slower growth and moderate inflation will help extend this record-long period of economic expansion.

Virtually all stock market indicators are off sharply from March-April highs, but most are little changed from year-end 1999 levels. At mid-year, both the Standard and Poor's 500 and New York Stock Exchange indexes were down 1 percent from the December 31 close, while the technology-heavy NASDAQ was off 2.5 percent.



Export Growth—Top Five California Markets

First Quarter 1999 to First Quarter 2000



California

- ▲ Job growth remains exceptionally strong in California. The state averaged 60,000 new jobs in both April and May, and the jobless rate has been fluctuating at or below 5 percent—a 30-year low.
- ▲ Coming on the heels of a 119 percent surge in Internet jobs last year (December to December), there are recent signs of slowing in this sector, in part related to the correction in the stock market. Overall, computer services jobs, including software and programming in addition to the Internet, jumped 21 percent in 1999.
- ▲ The sharp turnaround in exports is benefiting several key California industries, including electronics manufacturing, agriculture and motion picture production. Reflecting significant economic recoveries in Asia and Latin America, and stronger growth in Canada and Europe, California-made exports



increased 17.5 percent between the first quarters of 1999 and 2000. Each of the top five export markets—which together account for over half of the state's foreign sales—posted solid double-digit gains in the first quarter of 2000.

- ▲ Over the past year, personal income growth has been boosted by the strong stock market through the exercise of employee stock options—including those granted in connection with initial public offerings—which are most common in high technology industries. An assumed leveling off of stock prices is expected to reduce option income over the next year and one-half, resulting in somewhat slower growth in personal income.

REVENUES





REVENUES

2000-01 Revenue Sources (Dollars in Millions)

	General	Special
	<u>Fund</u>	<u>Fund</u>
Personal Income Tax	\$41,339	—
Sales Tax	21,318	\$2,903
Bank and Corporation Tax	6,800	—
Highway Users Taxes	—	3,172
Motor Vehicle Fees	26	5,199
Insurance Tax	1,321	—
Estate Taxes	1,047	—
Liquor Tax	287	—
Tobacco Tax	132	1,077
Horseracing Fees	1	33
Other	<u>1,591</u>	<u>4,139</u>
Total	\$73,862	\$16,523

General Fund revenues are estimated to be \$71.2 billion for 1999-00 and \$73.9 billion for 2000-01. These estimates were based on the 2000 May Revision forecast which increased by \$11.3 billion from the 2000-01 Governor's Budget and included \$639 million in tax relief proposals. In addition, the estimate was adjusted to reflect the following:

- ▲ A real revenue gain of \$238 million in 1999-00 attributable to stronger than anticipated May 2000 personal income tax receipts that were largely attributable to the 1999 tax year.
- ▲ A gain of \$138 million in 2000-01 due to differences in the tax relief measures that were enacted from the Governor's original proposals.
- ▲ A reduction of \$60 million in sales tax revenue from gasoline to be diverted in 2000-01 from the General Fund for transportation purposes. This is in addition to the \$440 million that the Governor proposed in the May Revision.

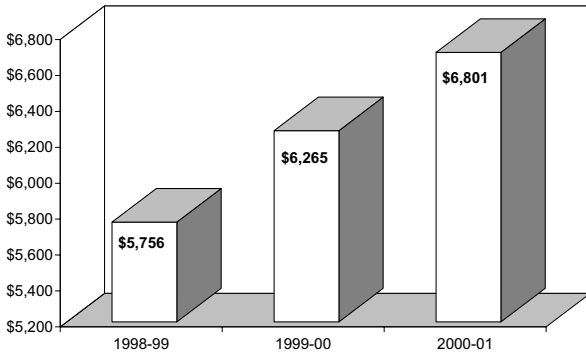
PROGRAM EXPENDITURES





K-12 EDUCATION

K-12 Education Spending Per Pupil



OVERVIEW

- ▲ Total K-12 funding from all sources is now \$49.8 billion, an increase of \$4.3 billion since 1999-00.
- ▲ The Budget provides an additional \$1.4 billion in funding in 2000-01 above the Proposition 98 minimum guarantee. For 1999-00, the final Budget provides \$1.5 billion above the minimum guarantee. Because this funding permanently increases the Proposition 98 base, the budget year is nearly \$3 billion more than required.
- ▲ Proposition 98 per-pupil spending has increased to \$6,801, including the per-pupil value of the teacher tax credit, which is \$1,045 more than the 1998-99 level. This translates into an 8.2 percent average annual increase over the two-year period.



- ▲ The Budget allocates \$528 million to provide statutory growth increases for apportionments (\$350.8 million) and Special Education (\$45.1 million), and \$132.1 million in statutory growth for Adult Education (\$14.1 million), Regional Occupation Centers/Programs (\$6.6 million), and all other categorical programs (\$111.4 million).
- ▲ The Budget includes a revision to the statutory cost-of-living adjustment (COLA) calculation for school district apportionments by calculating the COLA using the most recent available economic data. This results in a 3.17 percent COLA, at a cost of \$1,038.6 million, which includes \$846.4 million for apportionments and Special Education, \$28.2 million for Adult Education and Regional Occupational Centers/Programs, and \$164 million for all other categorical programs.
- ▲ In order to permanently eliminate the deficit created by the underfunding of cost-of-living-adjustments during the 1990s, the Budget provides local education agencies with an unprecedented augmentation of \$1.84 billion dollars in discretionary funding. This increase in general purpose support will allow schools to raise teacher salaries, fund transportation, purchase needed instructional technology and materials, or utilize the dollars in other ways that will lead to greater student achievement. This action marks the single greatest increase in discretionary funding in recent California history, and demonstrates the state's renewed commitment to making education the number one priority.



Governor's Education Initiatives
(Dollars in Millions)

	<u>TOTAL</u>
Student Achievement	
Governor's Merit Scholarship Program	\$112.0
Governor's Distinguished Math and Science Scholars Program	6.0
Intensive Algebra Academies and Teacher Training	21.5
Supplemental Instruction	119.0
English Language and Literacy Instruction	260.0
School Improvement and Pupil Achievement Block Grant	425.0
API Schoolsite and Employee Performance Bonuses	350.0
API Certificated Staff Performance Awards Program	100.0
Total	<u>\$1,393.5</u>
Teacher Recruitment, Retention, and Training	
Regional and Out-of-State Recruitment Campaign	\$19.4
Internship Expansion and Rate Increase	20.8
Teacher Recruitment and Retention Block Grant	118.6
Teacher Tax Credit	218.0
Expand APLE Program (future cost)	(11.0)
Governor's Teaching Fellowships	3.5
National Board Certification	15.0
Reading Institutes	23.9
ELL Teacher Institutes	10.0
Math Institutes (grades 4-6)	11.5
Algebra Institutes (grades 9-12)	4.5
High School Math and English Institutes	55.9
Total	<u>\$501.1</u>
Technology and Academic Partnerships	
Education Technology	\$183.8
Digital High School	188.0
AP Grants for Teacher Training	16.5
AP On-Line Course Development	8.0
AVID Program: Tutors and Teacher Training	12.0
AP Assessment Fee Waivers	0.5
Public School Accountability (Second Cohort)	21.5
Partnership Academies (Increase)	1.4
CCC Telecommunications and Technology Infrastructure Expansion	16.3
WorkAbility I-Employment for Special Education Students	7.0
Internet2	50.0
California/Mexico Collaborative	5.0
Digital Library	2.5
Total	<u>\$512.5</u>
Preschool	
Second Year Expansion to 100,000 Children	\$46.8
Total	<u>\$46.8</u>
Student Financial Aid and Outreach	
CalGrant Expansion	\$98.9
Increase Work-Study	2.6
Expand Cal-SOAP Middle School Outreach	5.0
CCC Disabled Student Program/Services	12.5
CCC Equal Educational Opportunity Program/Services	11.0
CCC Puente Project	1.0
CCC Partnership for Excellence	155.0
Total	<u>\$286.0</u>
Research and Infrastructure	
California Institutes for Science and Innovation	\$75.0
Teaching Hospital Equipment Purchase	25.0
UC Merced Acceleration	19.0
Engineering/Computer Science Graduate Research	5.0
Environmental Research	2.0
Total	<u>\$126.0</u>
Grand Total, Education Initiatives	\$2,865.9



MAJOR INITIATIVES

STUDENT ACHIEVEMENT

Governor's Scholars Program—The 2000 Budget Act includes \$118 million to establish the Governor's Scholarship Programs, pursuant to pending legislation. The Governor's Scholars program will provide \$118 million to provide \$1,000 scholarships to public high school pupils in 9th, 10th, or 11th grade scoring in either the top 10 percent at their school or in the top 5 percent statewide on the nationally-normed portions of the Standardized Testing and Reporting (STAR) exam. Also, the Governor's Distinguished Mathematics and Science Scholars Program will provide a \$2,500 scholarship to pupils who receive a scholarship under the Governor's Scholars Program and also achieve top scores on specified Advanced Placement, International Baccalaureate, and Golden State Examination assessments in mathematics and science.

Advanced Placement—The 2000 Budget Act provides \$16.5 million to implement the Advanced Placement Challenge Grant Program. This program will provide \$30,000 grants to up to 550 high schools to facilitate pupil access to Advanced Placement or comparable college-level coursework by the fall of 2001. The Budget Act also includes \$8 million through the University of California (UC) to develop additional distance-learning courses in core subject matter areas and expand its high school Advanced Placement initiative to additional schools throughout the state. Additionally, funding for the Advancement Via Individual Determination (AVID) program, which provides tutoring and other support services, has been augmented to a total of \$13 million, and \$3 million in State and federal funds is provided for the payment of Advanced Placement examination fees for low-income pupils.

Governor's High Achieving/Improving Schools Program—The 2000 Budget Act provides over \$131 million, in addition to the \$96.2 million provided in the current year, to provide rewards of



\$150 per pupil to schools that meet or exceed their annual Academic Performance Index (API) growth targets. An additional \$350 million is available through legislation on a one-time basis to reward the employees at schools that meet their API growth target and address one-time local priority funding needs.

School Improvement and Pupil Achievement Block Grant—A one-time allocation of \$425 million is provided for expenditure at each schoolsite for instructional materials, staff development, computers, education technology, library materials, deferred maintenance, enrichment activities, tutoring services, or any other one-time educational purpose (\$180 million), and for expenditure by school districts for school safety, deferred maintenance, technology staff development, education technology connectivity, or facility improvements (\$245 million).

Supplemental Instruction—The Budget includes a \$140.5 million augmentation for K-12 supplemental instruction. Included in this augmentation is \$21.5 million for the Intensive Algebra Instruction Academies, which funds supplemental algebra and pre-algebra instruction for 50,000 7th and 8th grade pupils. The Budget also removes enrollment caps on supplemental instruction for pupils in grades 2-6 who have been retained, recommended for retention, or are considered at risk of retention, and increases the hourly funding rate to \$3.25—a nearly 30 percent increase.

English Language Literacy–Intensive Program—The Budget contains \$260 million to provide for intensive English language and literacy instruction, including \$250 million for grades K-12 to provide intensive instruction before and after school, on week-ends, and during intersession/summer breaks, modeled after the Governor’s Intensive K-4 Reading Academies, and \$10 million for expansion of the Family Literacy Program to provide support for adult literacy learners and their children who are learning the English language.



TEACHER RECRUITMENT AND TRAINING

Recruitment Block Grant—The Budget contains over \$118.6 million for a block grant that will help schools ranked in the bottom half of the API to recruit and retain fully credentialed teachers. Among the purposes for which schools may use these funds are the provision of teacher signing bonuses and housing subsidies, the enhancement of teacher compensation rates, and the improvement of classroom working conditions.

Recruitment Centers—The Budget provides \$9.4 million for the newly created Teacher Recruitment Incentive Program (TRIP) Program. Under this program, six regional teacher recruitment centers serving northern California, Los Angeles, the Central Valley, the Inland Empire and San Diego and Imperial Counties will be established to recruit fully credentialed teachers into schools ranked in the bottom half of the API.

National Certification—The Budget also includes \$15 million to reward teachers who earn certification by the National Board of Professional Teaching Standards. Teachers who earn Board certification will be eligible for a \$10,000 bonus, with an additional \$20,000 provided if they teach for four years in a school ranked in the bottom half of the API.

Governor's Teaching Fellowships—The Budget provides \$3.5 million for the newly created Governor's Teaching Fellowships Program. This program will provide college graduates who agree to teach for four years in a school ranked in the bottom half of the API with \$20,000 grants to cover the cost of earning a teaching credential.

Beginning Teacher Salaries—The Budget provides \$55 million so that school districts participating in the Beginning-Teacher Salary Program may increase the annual salaries of beginning teachers to a minimum of \$34,000.



Loan Forgiveness—Under the Assumption Program of Loans for Education (APLE) program, the State will assume up to \$11,000 of the student loan costs incurred by credentialed teachers who agree to teach for four years in schools that serve large numbers of low-income pupils, or which have shortages of credentialed teachers. The Budget expands the number of APLE participants from 5,500 to 6,500, and opens program eligibility to teachers who agree to teach in schools ranked in the bottom half of the API.

Professional Development—The Budget contains \$109 million to establish Professional Development Institutes for English Language Development, Reading, High School English, High School Mathematics, Algebra, Pre-Algebra, and Elementary Mathematics that will provide instruction to 73,500 teachers and (pending legislation to restore \$10 million inadvertently removed from the Budget) administrators to develop advanced skills in these core curriculum areas. These institutes, provided in coordination with UC, will provide teams of teachers and administrators with a minimum of 40 hours of intensive training followed by support activities over the next year to help the teams successfully implement the training.

State Teachers' Retirement System—Twenty-five percent of State Teachers Retirement System (STRS) members' contributions will be redirected to separate tax-deferred accounts which will accrue interest at a rate established by the STRS Board. The balance of the accounts would be available to STRS members upon retirement or separation. This program will begin January 1, 2001, and will sunset January 1, 2011.

TECHNOLOGY AND ACADEMIC PARTNERSHIPS

Education Technology—The Budget provides more than \$215 million to improve access to computers and technology for students in the classroom. The Budget includes \$175 million in one-time funds to purchase computer hardware to bring California towards



the national average of computers per student. These funds will also enhance student access to advanced placement courses online. The Budget includes \$32 million for the UC to expand connectivity and network infrastructure for K-12 schools by linking universities to county offices of education. The Budget also includes \$6.5 million to California State University (CSU) for staff development purposes to train teachers in the use of technology for instructional programs. Finally, \$2.25 million is provided to the California Technology Assistance Project to conduct an extensive education technology study and assist local education agencies in developing technology plans to obtain available education technology resources.

Digital High School—The Budget allocates \$188 million for the final year of implementation for the Digital High School program. These funds will ensure every high school has an opportunity to participate in the program. This amount also includes \$1.4 million for the California Assistance Project to assist high schools with the development of high school plans and applications required to receive funding for the program.

PRESCHOOL AND CHILD CARE

Preschool Expansion—The Budget provides \$46.8 million for State Preschool, including annualization of the 1999-00 expansion and half-year funding for over 16,000 new slots in the second increment of the expansion, which will enable the State Preschool program to serve over 100,000 children by the end of 2000-01.

CalWORKS Caseload Growth—The Budget provides \$260.3 million to serve growing California Work Opportunity and Responsibility to Kids (CalWORKs) childcare caseloads, including \$165.2 million for families in Stage 2 and \$95.1 million for former CalWORKs families who have exceeded the two-year transitional benefit. These funds will serve an additional 47,000 children. The



Budget fully funds the Stage 2 caseload and the estimated caseload for all former recipients.

Expansion for Non-CalWORKs Families—The Budget commits \$134 million to improve access to high quality, developmentally appropriate, child care for low-income working families as follows:

- ▲ \$40 million in half-year funding for the expansion of full-day, general child care for children under six years of age and an increase of \$3 million in half-year funding for the expansion of migrant day care services. Together, these increases will serve approximately 10,000 more children of working poor, non-CalWORKs families.
- ▲ \$33 million to increase standard reimbursement rates beyond the annual cost of living adjustment for center-based, direct-contract centers serving low-income working families. This augmentation will help address low wages in the child care field, thereby reducing turnover among child care workers.
- ▲ \$67 million for other activities, including \$15 million for legislation relating to child care workers and a set-aside of \$42 million for one-time child care purposes.

Facilities—An additional \$55.2 million will be transferred to the Child Care Facilities Revolving Fund to purchase and install new portable child care facilities for State-subsidized centers. The Budget also provides \$300,000 to implement a technical assistance program to help child care providers access financing for renovation, expansion, and/or construction of child care facilities.

Quality Enhancements—The Budget provides an increase of more than \$80 million to support a variety of child care quality improvement efforts, including \$10 million for phase one implementation of the CalWORKs center-based pilot program, \$6 million to



implement new playground safety regulations at State-subsidized child care centers, \$5 million to create incentives for State-subsidized centers to achieve and maintain accreditation, and \$1.5 million to conduct centralized waiting list pilot programs.

Child Care Tax Credit—The Budget provides \$195 million in tax relief as a refundable credit for child care expenses paid by taxpayers with less than \$100,000 of annual income.

CalSAFE—The Budget provides an increase of \$29.3 million to enhance the level of supportive services and child care provided to pregnant and parenting teens as a variety of existing programs convert to the new, more comprehensive CalSAFE program.

CALIFORNIA STATE LIBRARY

The Budget provides \$10 million to implement the English Language and Literacy Intensive Program. This program will provide grant funds for local library literacy and English language learner programs for K-12 students and their families. Grants of \$300 per student will be awarded through a competitive process, and year-round literacy and English language tutoring services will be provided in collaboration with other appropriate local organizations.

The Budget also includes \$3.2 million for competitive local assistance literacy grants targeted to young children and their caregivers, and \$4.5 million for priority local assistance programs, staffing and equipment.

Additionally, voters recently authorized a \$350 million bond for the construction of new public libraries or the renovation of existing public libraries.



HIGHER EDUCATION

This Budget reflects continuation of the Administration's commitment to furthering the goals of the Master Plan for Higher Education for affordable, accessible, and high-quality public higher education. The Administration is addressing the goals of affordability and accessibility in the following ways:

- ▲ **No Fee Increases**—The Budget continues to provide sufficient funds to UC, CSU, and the California Community Colleges (CCC) to avoid an increase in mandatory system-wide fees. This is the sixth consecutive year with no fee increases.
- ▲ **Increased Cal Grant Awards**—The Budget includes \$98.9 million to expand the Cal Grant Program, adding more than 22,000 new Cal Grant A, B, and C awards for financially needy students.
- ▲ **New Partnership Agreement**—As part of a new partnership agreement developed with UC and CSU, the Budget proposes additional funding for UC and CSU based on an average annual increase of four percent, full funding for enrollment growth, and an additional one percent funding for core areas such as maintenance, technology, equipment, and libraries. Significant funding above the partnership is also included for high priority initiatives and capital outlay, as necessary.

The State funding commitments under the partnership agreement are contingent on accountability goals that the systems will strive to achieve, including admission for all eligible California students, improved outcomes such as graduation rates and timeliness to degree attainment, increasing the number of community college transfers, assuming a greater responsibility to help improve K-12 schools, and increasing utilization of existing facilities.



- ▲ **Accelerating Opening of Merced**—The Governor has committed to accelerate the opening of UC Merced by fall 2004. Toward this purpose, the Governor has created a “UC Merced Red Team” to streamline the approval process and coordinate the efforts of local, state, and federal agencies. Thus, the Budget includes \$43.8 million in the Resources area to address environmental issues in the vicinity of UC Merced (see Resources section for details).

A total of \$4.7 million General Fund and \$14.3 million in higher education bond funds is included in the UC budget to begin the capital outlay program for the Merced campus. These funds will be used for initial planning and infrastructure for the first construction phase and planning for a subsequent phase that will include library, lecture, and other support facilities. These buildings form the core structures for future campus development.

- ▲ **Off-Campus Centers**—The Budget includes \$13 million, including \$1.7 million ongoing, to enable CSU to develop the CSU Stanislaus Multi-Campus Regional Center at the site of the former Stockton Developmental Center.

Additionally, the Budget includes \$10 million to fund core needs for the CSU Channel Islands Campus.



**Higher Education Funding
Total Funds
(Dollars in Millions)**

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	One-Year Change	
				<u>Amount</u>	<u>Percent</u>
University of California ^{1/}	\$3,480.6	\$3,701.1	\$4,204.7	\$503.6	13.6%
California State University ^{1/}	2,741.1	2,809.5	3,106.8	297.3	10.6%
Community Colleges	5,025.0	5,509.5	6,010.4	500.9	9.1%
Student Aid Commission	343.4	389.0	531.5	142.5	36.6%
Other Higher Education ^{2/}	<u>180.4</u>	<u>209.3</u>	<u>234.6</u>	<u>25.3</u>	<u>12.1%</u>
Total Funds	\$11,770.5	\$12,618.4	\$14,088.0	\$1,469.6	11.6%

^{1/} For purposes of this table, expenditures for the University of California and California State University have been adjusted to include the offsetting general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

^{2/} Other Higher Education amount includes the California Postsecondary Education Commission, Hastings College of the Law, and General Obligation Bond Interest and Redemptions for UC, CSU and Hastings.

- ▲ Total higher education funding increases by an average of 11.6 percent. General Fund increases average 15.1 percent.
- ▲ The Budget provides UC with \$487.7 million and CSU with \$279 million of new General Fund resources.
- ▲ The Budget funds enrollment increases of 6,000 (3.6 percent) for UC and 12,577 (4.5 percent) for CSU. These increases will bring total enrollments to 170,566 students for UC and 291,980 students for CSU—the highest ever.

K-12 Teacher Recruitment Retention, Training, and Technology

- ▲ The Budget includes more than \$75.0 million for several initiatives to train K-12 teachers and students so that students are better prepared for postsecondary education. Many of the programs in this initiative represent collaborations among UC, CSU, private colleges, and K-12 schools.



- ▲ The Budget provides \$58.0 million, including \$32.0 million for K-12 connectivity, to continue development of Internet2, a high-speed national data transmission network.
- ▲ The Budget includes \$9.0 million for CSU to assist with teacher recruitment through the California Center for Teaching Careers (CalTeach).
- ▲ The Budget includes \$3.5 million for CSU to initiate the Governor's Teaching Fellowships, which will provide \$20,000 for graduate fellowships to 1,000 teaching candidates who commit to teach in low-performing schools. The \$3.5 million will provide 250 fellowships beginning January 2001, expanding to 1,000 fellowships in 2001-02.

Student Outreach

- ▲ The Budget includes \$3.5 million for UC to increase its outreach efforts to help students from educationally disadvantaged backgrounds:
 - ▼ \$1.0 million for a UC-CCC program to increase the transfer rate of CCC students to UC.
 - ▼ \$1.0 million to expand Math, Engineering, and Science Achievement (MESA) programs for middle school students.
 - ▼ \$1.0 million to expand outreach efforts for graduate and professional schools.
 - ▼ \$500,000 for UC to conduct research on the root causes of educational disparity within California's school system from K-12 through postsecondary education.

Cutting-Edge Research and Training

- ▲ The Administration is committing \$75.0 million annually, for four years, to establish the California Institutes for Science and Innovation at three UC campuses.



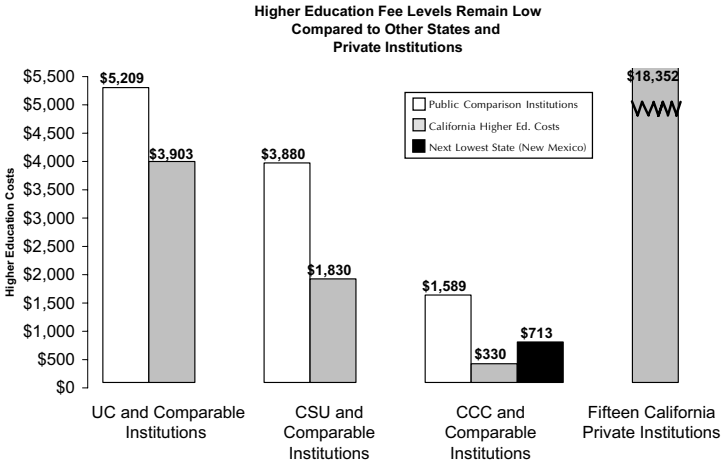
- ▲ The Budget includes an augmentation of \$30.0 million, \$28.0 million of which is one-time funding, for support of the Medical Investigation of Neurodevelopmental Disorders (MIND) Institute at UC Davis. Of this funding, \$4.0 million is for identification of genetic markers for autism and mental retardation that can lead to diagnosis and prevention of these conditions prior to birth.
- ▲ The Budget includes \$25.0 million in one-time funds for UC teaching hospitals to acquire state-of-the-art medical equipment that will be used for teaching, patient care, and research purposes.
- ▲ The Budget includes \$16.0 million for UC to conduct research in areas including:
 - ▼ Collaborative research with Mexico (\$5.0 million) focusing on issues of critical interest to the state.
 - ▼ Engineering and computer science research (\$5.0 million).
 - ▼ Alcohol and substance abuse research (\$2.0 million).
 - ▼ Research on the state's natural resources that are critical to sustaining the environment and quality of life in California (\$2.0 million).
 - ▼ Lupus research (\$1.0 million).
 - ▼ Spinal cord injury research (\$1.0 million).

Service Learning

- ▲ The Budget includes \$2.2 million for CSU to develop service learning courses and create service learning offices at each CSU campus.



CALIFORNIA COMMUNITY COLLEGES



- ▲ For CCC, the Budget provides an increase of \$500.9 million, or 9.1 percent, including a 4.17 percent COLA and 3.5 percent growth for apportionments, and a 3.17 percent COLA and 3.0 percent growth for all major categorical programs. These funds substantially exceed the statutory growth amount, thereby expanding access to quality educational services for an additional 34,700 (for a total estimate of 1,025,000) full-time equivalent students.
- ▲ To increase accountability and provide local flexibility for effectively determining priorities that best improve student outcomes, the Budget provides an increase of \$155 million (and total funding of \$300 million) for the Partnership for Excellence program. Moreover, the Budget reflects the revised goal of annually increasing (through 2005-06) the number of student transfers to the CSU and UC by at least 5 and 6 percent, respectively.



- ▲ The Budget also includes \$162.4 million for the expansion of programs that improve access and financial assistance to students, maintain a high-technology infrastructure, and ensure that students have access to properly maintained facilities with modern equipment. Increases include:
 - ▼ \$100 million for a one-time block grant for scheduled maintenance, special repairs, and instructional equipment to be used at local discretion to assist colleges in providing a high quality and accessible learning environment with modern materials and equipment.
 - ▼ \$11 million for Extended Opportunity Programs and Services, including \$5 million for book grants.
 - ▼ \$1 million for the Puente Project.
 - ▼ \$12.5 million for Disabled Student Programs and Services.
 - ▼ \$16.3 million for Telecommunication and Technology Infrastructure expansion.
 - ▼ \$10 million for Scheduled Maintenance and Special Repairs.
 - ▼ \$5 million to institute competitive matching grants for workforce development instructional equipment.
 - ▼ \$2.5 million for the Foster Parent Training Program, which will match \$4.1 million in available federal funds.



TRANSPORTATION

TRAFFIC CONGESTION RELIEF PLAN

Chapters 91 and 92, Statutes of 2000, both budget trailer bills, establish the Traffic Congestion Relief Plan, which makes a major investment in California's transportation systems to relieve traffic congestion, improve goods movement, and strengthen the integration of highway and transit systems. In 2000-01, the plan is funded from a \$1.5 billion General Fund appropriation and \$500 million of sales tax revenues from gasoline. For the following five years, all General Fund sales tax revenue from gasoline are dedicated (about \$1 billion a year), resulting in a total of \$6.9 billion for the plan—the largest single funding increase for transportation in California's history.

Project Funding—The plan provides \$4.9 billion over the next six years towards 141 locally recommended projects throughout California. Projects recognize local congestion considerations as well as policy preferences with respect to use of transit and highways.

Formula Funding—The plan also provides almost \$2 billion over the six-year period in statutory formula funding:

- ▲ About \$1 billion for local streets and roads maintenance
- ▲ \$600 million for project funding through the State Transportation Improvement Program (STIP)
- ▲ \$300 million for local transit and intercity rail operations

Swap Federal Funds for General Funds—To facilitate faster spending, the plan allows regional transportation planning agencies to swap certain of their hard-to-use federal transportation funds for cash in the Traffic Congestion Relief Fund. This exchange will expedite local project delivery.



Transportation Funding Plan (Dollars in Millions)

	2000 -01	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	Total
Resources							
GF Appropriation	\$1,500						\$1,500
Sales Tax on Gas	500	\$947	\$949	\$968	\$995	\$1,023	5,382
Uses of Funds							
Designated Congestion Relief Projects	2,000	678	678	678	678	678	5,390
STIP		108	108	116	127	138	597
Local Streets and Roads		108	108	116	127	138	597
Public Transportation Account		54	54	58	63	69	298

BUDGET ACT TRANSPORTATION SPENDING

The 2000 Budget Act includes over \$7.8 billion in expenditures by Caltrans and 23,137 personnel years, including \$1.4 billion for programs that assist local governments in constructing and operating highway, road, and transit systems, and nearly \$3.4 billion in capital outlay expenditures for state highway construction projects.

Capital Outlay Projects—The Budget contains \$121 million General Fund for the following:

- ▲ The transit and intercity rail projects on the San Diego to Los Angeles route
- ▲ The Metrolink San Bernardino line
- ▲ The San Joaquin line from Oakland to Bakersfield
- ▲ The Altamont Commuter Express from Modesto to San Jose



- ▲ Two transit stations in the San Jose area

Capital Outlay Support Staffing—The Budget increases Caltrans' resources by \$253.8 million and 1,005 personnel years to plan, design, and construct transportation projects, including the following:

- ▲ \$151.8 million and 608 personnel years for support of the projects identified in the Transportation Congestion Relief Plan.
- ▲ \$90 million and 341 personnel years to deliver projects in the 2000 State Transportation Improvement Program.



TAX RELIEF

A package of tax relief measures was enacted as part of the 2000-01 Budget, which will provide \$1.542 billion in tax relief in 2000-01 and \$1.964 billion in 2001-02. This package includes the following:

Vehicle License Fee Relief—Vehicle owners' bills for license fees will be permanently reduced by 67.5 percent. This will provide \$887 million of additional tax relief in 2000-01 and \$1.426 billion in 2001-02.

Senior Citizens' Homeowners' and Renters' Tax Relief—Property tax assistance for low-income homeowners and renters who are either senior citizens (age 62 and older), disabled, or blind was increased by 150 percent on a one-time basis for the 2000 year. This will provide \$154 million in additional property tax assistance in 2000-01.

Child Care Credit—A refundable child care credit was enacted that will range from \$454 for taxpayers with less than \$10,000 of income to zero for taxpayers with incomes in excess of \$100,000. This will reduce General Fund revenues by \$195 million in 2000-01 and \$189 million in 2001-02.

Teacher Credit—Fully credentialed teachers in public or private schools will be eligible for a credit that will increase with their teaching experience. The credit is \$250 for teachers with 4 or 5 years of teaching experience, \$500 for teachers with 6 to 10 years of teaching, \$1,000 for teachers with 11 to 20 years of teaching, and \$1,500 for teachers with 20 or more years of teaching. The credit is limited to 50 percent of the tax liability from teaching income, and will reduce revenues by \$218 million in 2000-01 and \$188 million in 2001-02.

Long Term Care Credit—Taxpayers who are or who care for elderly or disabled individuals in their homes will be eligible for a \$500 personal income tax credit. The credit is limited to taxpayers



with less than \$100,000 of income. This is expected to provide \$43 million in tax relief in 2000-01 and \$38 million in 2001-02.

Rural Investment Exemption—To spur economic development in California's rural areas, a State sales tax exemption will be available for qualified investments in areas of high unemployment. Five million dollars of exemptions will be allowed annually for firms that invest at least \$150 million and create 500 new jobs in counties with unemployment rates that are at least 5 percent above the statewide average.

Net Operating Losses—Businesses will benefit from a phased-in increase in the percentage of losses that they can carry forward to subsequent years. This carryover will increase from 50 percent to 55 percent beginning January 1, 2000, 60 percent beginning January 1, 2002, and 65 percent beginning January 1, 2004. This will reduce revenues by \$1 million in 2000-01 and \$5 million in 2001-02.

Exclusion for Graduate Student Expenses—Graduate student expenses that are paid by an employer will be excluded from income for personal income tax purposes. This is expected to cost about \$10 million per year.

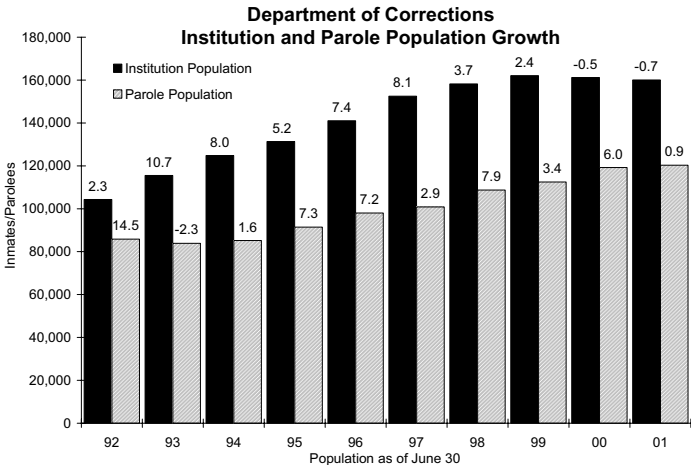
Research and Development Credit—To encourage long-term investment in the state, the research and development credit has been increased from 12 percent to 15 percent, beginning with the 2000 tax year. In addition, the alternative incremental research credit has been increased from 80 percent to 90 percent of the June 30, 1999, federal credit. These two changes are expected to reduce revenues by \$20 million in 2000-01 and \$33 million in 2001-02.

Natural Heritage Tax Credit—A 55 percent personal income and bank and corporation tax credit was enacted for the 2000 through 2004 tax years for land donated to the State for conservation purposes at a cost of \$100 million total. This is expected to reduce revenues by \$10 million in 2000-01 and \$70 million in 2001-02.



PUBLIC SAFETY

DEPARTMENT OF CORRECTIONS



Figures above the bars represent the percentage change from the previous year

Prison Population—The budgeted prison inmate population is projected to decrease to 160,060 on June 30, 2001, representing a decrease of 1,143 inmates or 0.7 percent from the June 30, 2000, budgeted prison inmate population of 161,203. Incarceration services will be provided through 33 institutions, 38 camps, 16 community correctional facilities, and 33 community correctional reentry centers.

Parole Population—The parolee population is projected to increase to 120,299 on June 30, 2001, an increase of 1,102 or 0.9 percent over the June 30, 2000, budgeted parole population of 119,197.



Substance Abuse Treatment Program Expansion—The Budget includes \$28.7 million for implementation of a 3,000-slot therapeutic community substance abuse treatment program expansion, including community-based residential aftercare treatment for 50 percent of the program graduates.

Parolee Services—The following augmentations are included to increase parolee services: \$10.4 million for the Second Striker Task Force to increase supervision of parolees who have at least two serious or violent felony convictions; \$2 million to assist in locating and recovering parolees who have failed to maintain the required contact with their parole agents; \$1.9 million to provide increased supervision of mentally ill parolees and facilitate their successful re-integration into the community; and \$6 million for programs that provide sex offender containment and various services to assist parolees in their transition back into the community and to reduce recidivism.

Expanded Training Academy—The Budget includes \$10 million to initiate the expansion of the basic correctional officer academy from 10 weeks to 16 weeks, consistent with the Commission on Correctional Peace Officer Standards and Training report. These resources will be used to undertake significant infrastructure improvements needed to accommodate the increase in the size of cadet classes, as well to develop expanded curriculum.

Inmate Mental Health Services—The Budget includes \$18.8 million for clinical, custody, and support staff to provide additional mental health services for inmates in administrative segregation, as well as funding to recruit and retain mental health clinicians.

Inmate Medical Services—The Budget contains \$7.4 million for assessment of the quality of health care provided in state prisons, a comprehensive study of pharmacy operations, the implementation of a centralized health care utilization management function, and



enhancing the quality of health care at correctional institutions for women.

Contract Medical, Pharmaceuticals, and Medical Supplies—The Budget includes \$15.1 million for increased costs of contracted medical services and drugs and medical supplies.

Hepatitis B & C—The Budget contains \$1.2 million for Hepatitis B and C prevention, education, screening, and treatment, and for Hepatitis B vaccination of inmate laundry workers.

Incarceration of Undocumented Felons—The Budget assumes federal reimbursement of \$177.7 million to partially offset the costs of incarcerating adult and juvenile undocumented felons in 2000-01. The total cost to California to incarcerate these individuals is estimated to be approximately \$590 million.



DEPARTMENT OF THE YOUTH AUTHORITY

- ▲ **Institution and Parole Population**—The Youth Authority projects an institution population of 7,300 on June 30, 2001, which is a decrease of 80 wards from the actual June 30, 2000, population of 7,380. The parole caseload is expected to be 4,825 by June 30, 2001, an increase of 183 parolees from the actual June 30, 2000, caseload of 4,642.
- ▲ **Expanded Peace Officer Academy**—The Budget includes \$2.5 million to expand the current correctional peace officer basic training academy from 5 to 16 weeks to ensure that graduates of the academy are proficient in the skills that are required for safe performance of their duties.
- ▲ **Security Improvements**—The Budget provides \$1.5 million to implement security enhancements in 2000-01 including the installation of video recording cameras in selected housing units and the upgrade of the radio system at the Northern Youth Correctional Reception Center and Clinic.
- ▲ **Expansion of the Internal Audits Unit**—The Budget includes \$614,000 and four personnel years to augment the existing staffing to enhance internal oversight within the Department.
- ▲ **Ombudsperson Program**—The Budget contains \$184,000 and two personnel years to establish an Ombudsperson program to investigate complaints, issue reports regarding the complaints, and make recommendations for resolving issues.

OFFICE OF THE INSPECTOR GENERAL

The Budget includes \$2.7 million and 29 personnel years to undertake investigations as required by Chapter 806, Statutes of 1999, and to conduct baseline management audits as required by Chapter 918, Statutes of 1999.



COMMISSION ON CORRECTIONAL PEACE OFFICERS STANDARDS AND TRAINING

The Budget includes an increase of \$1.7 million and 16 personnel years for the establishment of the Commission as a separate entity within the Youth and Adult Correctional Agency. This funding will provide for the development of correctional training standards as well as the ongoing approval and monitoring of training programs of the Department of Corrections (CDC) and the Department of the Youth Authority (CYA). With this increase, total funding for the Commission for fiscal year 2000-01 will be approximately \$2.3 million.

BOARD OF PRISON TERMS

The Budget provides an increase of \$7.6 million and 59 personnel years for expanded services to ensure that Board processes and hearings are accomplished consistent with the Americans with Disabilities Act and the Board's due process responsibilities.

SECRETARY FOR THE YOUTH AND ADULT CORRECTIONAL AGENCY

The Budget includes \$2 million to conduct an epidemiological investigation of the prevalence of Hepatitis C in the CDC and the CYA, and to provide additional funding for Hepatitis C treatment.

BOARD OF CORRECTIONS

Mentally Ill Offender Crime Reduction—The Budget includes \$50 million for Mentally Ill Offender Crime Reduction grants to be awarded to local governments to expand or establish a continuum of graduated responses including prevention, intervention, and incarceration, which are designed to reduce crime and criminal justice costs related to adult mentally ill offenders.



Juvenile Crime Enforcement and Accountability Challenge Grant Program—An augmentation of \$25 million is included in the Budget to supplement the existing Juvenile Crime Enforcement and Accountability Challenge Grant programs in 20 counties. This program provides grant awards that assist counties in developing and implementing a collaborative, multi-agency plan to address the problem of juvenile crime and delinquency.

Repeat Offender Prevention Project—An increase of \$10 million is included in the Budget to supplement existing Repeat Offender Prevention Project pilot programs in eight counties, and to provide grant awards on a competitive basis for additional counties to establish Repeat Offender Prevention Project programs.

County Juvenile Detention Facility Construction Program—The Budget includes \$75 million General Fund for local assistance grant awards on a competitive basis for counties to build, renovate, or expand local juvenile detention facilities. In addition, \$37.5 million in federal grant funds are also available for the construction of juvenile detention facilities.

Set-aside for Turning Point Academy and Juvenile Justice Programs—In addition to the budget actions noted above, funds have been set aside in the reserve for economic uncertainties for the purpose of funding local juvenile justice programs and the Turning Point Academy program within the Military Department in subsequent legislation that will address the specific issues raised in the Governor's signing message.



DEPARTMENT OF JUSTICE

- ▲ The Budget includes an augmentation of \$5.5 million for the DNA Laboratory to ensure the elimination of the existing backlog of DNA specimens and to enhance the laboratory's ability to analyze and solve cases.
- ▲ An increase of \$5.0 million General Fund and a reduction of \$1.9 million in reimbursements is included to support the development and implementation of the enhanced infrastructure of the Statewide Integrated Narcotics System (SINS), and to expand the availability of this system to more local law enforcement agencies. SINS is a statewide computer system that assists federal, state and local law enforcement agencies to coordinate their efforts in controlling and combating illegal drugs.
- ▲ The Budget provides an increase of \$1.0 million to enforce statutes related to the sales of illegal firearms at gun shows throughout the state.
- ▲ An increase of \$8.1 million from the Indian Gaming Special Distribution Fund and \$813,000 of reimbursement authority is included to implement the Indian Gaming Regulatory Program authorized by Chapter 874, Statutes of 1999, and the passage of Proposition 1A. Since the Indian Gaming Special Distribution Fund will not receive any revenues until 2002-03, a General Fund loan, to be repaid by June 30, 2003, is also included to provide the special fund with the necessary resources. The Budget also reflects a reduction of \$1.4 million of reimbursement authority for workload associated with certain gaming compacts that did not materialize.
- ▲ The Budget adds \$1.0 million General Fund and \$3.0 million federal funds to reduce an existing backlog of Medi-Cal fraud cases, and to meet increasing caseload demands as a result of an increased level of case referrals from the Department of



Health Services. The availability of this funding is contingent upon the enactment of AB 1098, related to the Medi-Cal program.

OFFICE OF CRIMINAL JUSTICE PLANNING

- ▲ The Budget includes \$96 million for a one-time local assistance grant for the construction of a joint crime laboratory for the City of Los Angeles and Los Angeles County with the participation of CSU, Los Angeles.
- ▲ The Budget provides \$50 million to conduct DNA analysis of evidence in unsolved sexual assault cases for input into the Combined DNA Index System (CODIS) database with the expectation of solving many of those cases. This funding will be available for three years to provide local law enforcement agencies with the resources necessary to process 18,000 rape investigation kits.

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

- ▲ The Budget provides an increase of \$12.0 million to establish five new Regional Skills Training Centers throughout California in order to expand the availability of training, testing, and requalification of skills for peace officers and to provide increased reimbursements to local law enforcement agencies for peace officer training.
- ▲ The Budget includes \$346,000 to develop an audit program to ensure the quality and effectiveness of POST-certified training courses.



JUDICIAL BRANCH

(Dollars in Millions)

	<u>Total</u>	<u>General Fund</u>
State Judiciary	\$335	\$282
Commission on Judicial Performance	4	4
Trial Courts	1,988	1,101
Retirement Costs	106	102

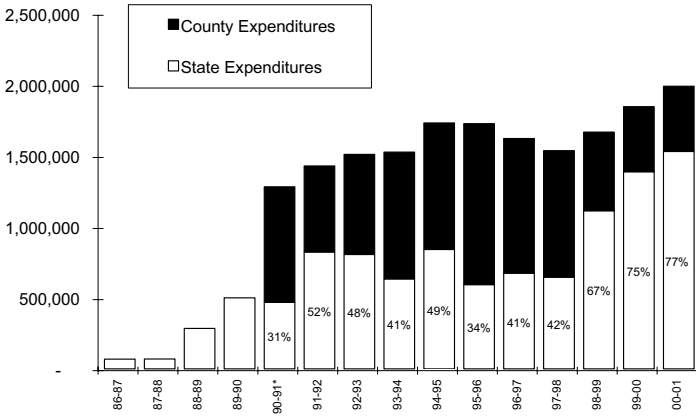
Judicial Salary Increases—The Budget includes an augmentation of \$11.6 million to provide for an 8.5 percent salary increase to the justices of the Supreme Court and the Courts of Appeals, and for all judicial officers of the trial courts beginning on January 1, 2001.

Trial Court Accountability—The Budget also provides an increase of \$750,000 to support enhancement of trial court accountability via an audit pilot project which will examine expenditures associated with services provided by the counties to ten trial courts as well as other areas of Trial Court Funding.



TRIAL COURT FUNDING

History of Trial Court Funding



As shown in the chart above, trial court funding for 2000-01 is approximately \$2 billion in total, with 77 percent of that comprised of direct state funding plus fines, penalties, and fees remitted to the Trial Court Trust Fund and 23 percent from county funds. For the Trial Courts, the Budget includes the following:

Elder Protective Orders—\$1.2 million to address expected workload associated with new changes in elder protective orders.

Jury Reform—\$19.2 million to fund an increase in juror per diem compensation from the current \$5 per day rate to \$15 per day beginning with the second day of service. The Budget also includes an additional \$4.1 million to expand implementation of One-day/One-trial juror service in the trial courts, reducing the long process of juror selection while increasing the available pools of prospective jurors for pending trials.

**Negotiated Salary Increases for Trial Court Employees—**

\$57.5 million to fund expected costs associated with negotiated salary increases for trial court employees in 2000-01. The Judicial Council in conjunction with the Department of Personnel Administration and court employee unions will develop a long-term plan for salary and benefit increases by December 31, 2000.

Court Technology—\$34.4 million to fund the Judicial Technology Initiative, which will provide \$21 million on a one-time basis for new case management equipment, and \$13.4 million for ongoing licensing support and basic technology provision in the trial courts. The Budget also includes an additional \$22 million on a one-time basis to support updating a revision of existing case processing systems to a statewide tracking format, thereby improving administration of workload in the trial courts.

Family Court—\$10 million for the Family Court Initiative and \$5.7 million for increased costs associated with Juvenile Dependency representation. The Family Court Initiative will provide the courts with new resources to modernize their existing family court programs and increase services in the family court, juvenile care, guardianship and probate, and mental health areas.



HEALTH AND HUMAN SERVICES

TOBACCO SETTLEMENT FUNDS AND OVERALL HEALTH CARE EXPENDITURES

The 1998 master tobacco settlement requires tobacco companies to make payments to the states totaling an estimated \$206 billion nationally through 2025. California is projected to receive an estimated \$25 billion over 25 years. In 2000-01, the State expects to receive approximately \$389 million.

The Budget targets the State's share of tobacco settlement funds entirely for health care purposes and, along with additional General Fund revenues, expands health services to children and low-income and uninsured adults. Specifically, the tobacco settlement funds and additional General Fund monies will increase the number of children enrolled in the Healthy Families Program to all children eligible for the program; allow 250,000 children and 140,000 adults in working families to be covered under the Medi-Cal program; fully assume support of the Child Health and Disability Prevention Program from declining Proposition 99 funds; expand breast and prostate cancer treatment programs for low-income women and men; and increase Medi-Cal and other health program provider rates.

These additional resources provide for the following major General Fund program expansions.

<u>Description</u>	<u>General Fund (in millions)</u>
Health Care Expansion	
Children's Healthy Families	\$38
Elimination of Medi-Cal Eligibility Quarterly Reporting	66
Prevention and Treatment Initiatives	
Child Health and Disability Prevention Program	60
Breast Cancer Treatment Initiative	20
Prostate Cancer Treatment Initiative	10
Health Program Provider Rate Increases	
Medi-Cal	389
Health, Public Health, and Developmental Services	96
Total General Fund	\$679



AGING WITH DIGNITY INITIATIVE

The Budget commits \$516.1 million (\$270.5 million General Fund) to help seniors remain at home and lead independent lives in the community, and to enhance the quality of care in California nursing homes.

2000-01 Governor's Budget Aging with Dignity Initiative (Dollars in Millions)

	Total Positions*	General Fund	Other Funds
Community Programs			
Allow Medi-Cal Seniors to Spend Less on Health Care	-	\$23.5	\$23.5
In-Home Supportive Services Increases	-	100.0	121.6
\$500 Long-Term Tax Credit	-	47.0	-
Senior Housing Information and Support Center	8.0	1.0	-
Senior Wellness Education Campaign	2.0	1.0	-
Long-Term Care Innovation Grants	3.0	14.8	-
Long-Term Care Facility Programs			
Caregiver Recruitment and Training	-	-	25.0
Long-Term Care Facility Wage Increases	6.0	67.0	65.8
Nursing Home Quality Awards	-	8.0	2.0
Increase Unannounced Nursing Home Inspections	100.0	3.0	4.5
Focused Nursing Home Quality Review Program	55.0	2.5	1.5
Guarantee Rapid Response to Nursing Home Complaints	46.5	2.2	1.7
Nursing Home Fiscal Review Advisory Board	1.0	0.5	-
Total	221.5	\$270.5	\$245.6

* Positions include Los Angeles County staff performing licensing and certification services on behalf of the State. New State staff positions total 166.

This Initiative will accomplish the following:

- ▲ Improve enforcement by increasing unannounced inspections, guaranteeing rapid response to complaints, intensifying review of the poorer performing homes, and providing cash quality awards to exemplary facilities, at a cost of \$25.9 million (\$16.2 million General Fund).
- ▲ Increase compensation of Medi-Cal nursing home caregivers (7.5 percent) and In-Home Supportive Services public authority caregivers (State share-of-cost of wages and health benefits up to \$8.10 per hour, rising to \$12.10 over five years if revenue targets are met), at a cost of \$354.4 million (\$167 million General Fund).



- ▲ Establish the Senior Housing Information and Support Center with \$1 million to disseminate information regarding home modification and housing options to allow seniors to remain at home, and establish the Senior Wellness Education Campaign with \$1 million to educate the public on innovative community-based and in-home care alternatives to institutional care.
- ▲ Establish the Long-Term Care Innovation Grant Program with \$14.8 million of one-time General Fund monies to provide challenge grant funding to implement and expand community-based older adult care alternatives to nursing homes. Through this Program, the Administration challenges foundations and the private sector to partner with the State to provide ongoing private funding.
- ▲ Establish a caregiver training program with \$25 million (\$15 million Workforce Investment Act funds and \$10 million Welfare-to-Work funds) for the recruitment, training, and retention of employees in caregiver industries, including nursing homes and the In-Home Supportive Services Program. AB 2876 (Chapter 108, Statutes of 2000) includes provisions requiring the Employment Development Department to establish an advisory council to assist in the implementation of this health care provider initiative, and requires the Department to develop labor market information relating to health care occupations.
- ▲ Allow seniors to spend less on health care by raising the income limits for Medi-Cal for aged, blind, or disabled applicants, at a cost of \$47 million (\$23.5 million General Fund).
- ▲ Enact a \$500 long-term care tax credit for families caring for seniors at home, at a cost of \$47 million General Fund reduction in revenues.



HEALTH AND HUMAN SERVICES PROVIDER RATE INITIATIVE

Tobacco settlement monies enable the State to provide additional funding for rate increases for a wide range of health and human services providers. The Budget includes augmentations totaling \$940.9 million (\$508.8 million General Fund) for these rate increases. The increases vary, with foster care programs receiving approximately 3 percent to reflect the increase in the California Necessities Index, to an average 10 percent for Medi-Cal providers. The amounts included in the Budget for these rate increases are outlined, by provider category, in the table below.

Provider Rate Summary (Dollars in Millions)

Provider Category	General Fund	Total Funds
Medi-Cal Long-Term Care	\$161.4	\$318.3
Medi-Cal Managed Care	66.9	133.7
Medi-Cal - All Other	160.6	320.7
Public Health	31.4	31.4
Developmental Services	64.8	84.6
Foster Care	17.0	38.5
In-Home Supportive Services (Non-Public Authority, Non-Contract)	3.7	8.7
Drug and Alcohol Prevention	1.1	2.3
Rehabilitation	<u>1.9</u>	<u>2.7</u>
Total	\$508.8	\$940.9

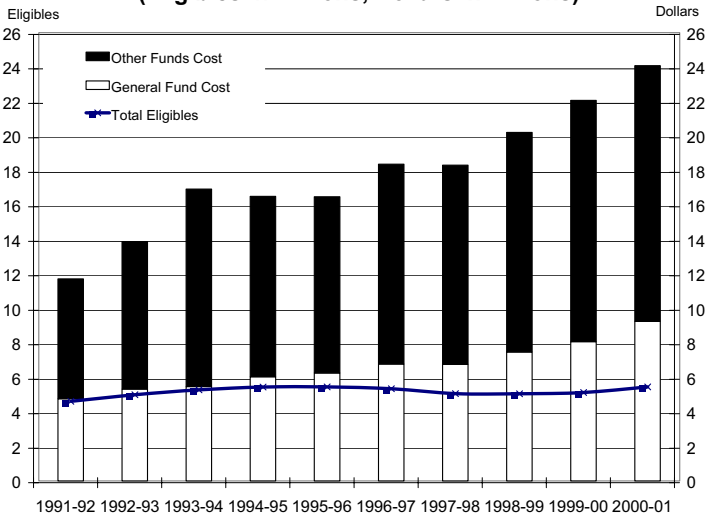


DEPARTMENT OF HEALTH SERVICES

MEDI-CAL

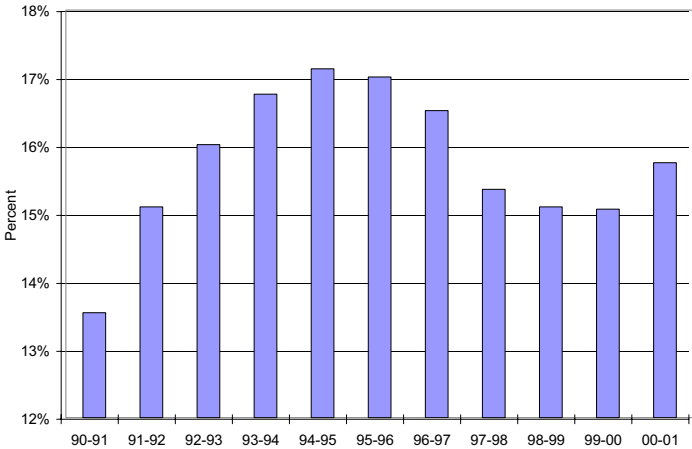
- ▲ Projected Medi-Cal costs for 2000-01 are \$24.1 billion (\$9.3 billion General Fund).
- ▲ Medi-Cal average monthly caseload is expected to increase by 6.4 percent above 1999-00, due primarily to eligibility expansions. This compares to a 1.7 percent increase in the state population. The average monthly number of persons enrolled in Medi-Cal is about 5.5 million, representing well over one in seven Californians.
- ▲ Medi-Cal cost increases continue, primarily due to growth in the number of eligibles, increases in the frequency of services, and higher cost per unit of service used.

Medi-Cal Caseload and Costs
(Eligibles in Millions, Dollars in Billions)





Average Monthly Medi-Cal Eligibles as a Percentage of California Population



The Budget includes the following major General Fund augmentations:

- ▲ \$388.9 million to increase provider rates for Medi-Cal long-term care, managed care and fee-for-service providers to ensure continued access to quality medical care.
- ▲ \$65.6 million to eliminate Medi-Cal quarterly eligibility reporting requirements for low-income working families to provide and continue coverage for working parents and their children.
- ▲ \$55 million to further reduce required contributions for Medi-Cal program costs by public disproportionate share hospitals.
- ▲ \$24.4 million to expand no-cost Medi-Cal to approximately 52,800 more low-income aged, blind, and disabled persons, and to allow former foster children to continue receiving full-scope Medi-Cal benefits to age 21.



PUBLIC HEALTH

Breast Cancer Treatment—The Budget provides \$20 million General Fund to expand the existing breast cancer treatment program. This augmentation quadruples the existing funding level. It provides for program expansion, including breast cancer treatment of an unlimited duration, and increased services, including breast reconstruction and all services that meet the current standard of care. The program will be provided to individuals with incomes up to 200 percent of the federal poverty level.

Prostate Cancer Treatment Initiative—The Budget provides \$10 million General Fund to establish a new program to provide prostate cancer treatment to men with incomes up to 200 percent of the federal poverty level. Treatment will be provided through community-based organizations, private nonprofit groups, or the UC Medical Centers.

Enhanced HIV/AIDS Programs—The Budget provides total funding of \$263.8 million (\$120.7 million General Fund), which includes an augmentation of \$14.7 million (\$7 million General Fund) to provide a new HIV/AIDS drug resistance testing program, expand the education and prevention effort for communities of color, establish a non-names based data reporting system, and address increased AIDS Drug Assistance Program caseload and health care. These activities will make a significant contribution toward preventing the transmission of HIV and in providing effective treatment.

Black Infant Health Program—The Budget provides \$4 million General Fund to expand the existing Black Infant Health Program. This augmentation nearly doubles the existing funding level and will provide needed services to high-risk African-American women of childbearing age.



Teen Pregnancy Prevention Community Challenge Grants—The Budget continues \$20 million by utilizing one-time federal funds for the Community Challenge Grant Program, which provides local grants for teen pregnancy prevention services.

Cigarette and Tobacco Products Surtax Fund – Proposition 99—The availability of the tobacco settlement monies in the General Fund has enabled the Administration to fund the entire Child Health and Disability Prevention Program with General Fund in lieu of declining Proposition 99 funds. This shifts \$60.3 million in Proposition 99 expenditures to the General Fund. This shift allows greater funding flexibility in the various health programs supported by Cigarette and Tobacco Products Surtax Funds. The Budget also includes \$114.6 million to continue the State’s anti-smoking education and media campaign. In addition, the Budget provides an increase of \$3.5 million Proposition 99 funds to the existing \$6.7 million (\$4 million General Fund) base funding for the California Cancer Registry. The funds are provided to ensure thorough and accurate data collection for use in the fight against cancer.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Primary Care Clinics Grant Program—The Budget includes a \$50 million one-time General Fund augmentation to provide grants to finance capital outlay projects for any eligible participating primary care clinic serving indigent, underinsured, and uninsured populations in the state.

MANAGED RISK MEDICAL INSURANCE BOARD

Healthy Families Program—The Budget includes \$414.8 million (\$155.6 million General Fund) for Healthy Families Program caseload. This funding level will provide health care coverage to



an estimated total enrollment of 511,000 children by June 30, 2001, a ten-fold increase in enrollment since January 1999..

Healthy Families Program (HFP) Enrollment

January 1999	50,000 children enrolled in HFP.
May 1999	100,000 children enrolled in HFP.
January 2000	200,000 children enrolled in HFP.
	Governor's 2000-01 Budget proposes funding to increase HFP enrollment to 370,000 children.
May 2000	279,000 children enrolled in HFP.
June 2000	The Budget Act contains funding to increase HFP enrollment to 511,000 children.

Access for Infants and Mothers—An additional \$3.4 million in Proposition 99 funds is included to bring total expenditures for benefits to infants and mothers in this program to \$48.5 million.

Major Risk Medical Insurance Program—An additional one-time \$5 million in Proposition 99 funding is added to reduce the length of the waiting list for this program of subsidized health insurance for otherwise uninsurable individuals. This brings total Proposition 99 funding for this program in 2000-01 to \$45 million, \$15 million in excess of the statutorily required funding level.

DEPARTMENT OF DEVELOPMENTAL SERVICES

DEVELOPMENTAL CENTERS

- ▲ Total 2000 Budget Act funding for developmental centers increases to \$624.6 million (\$127.2 million General Fund), or 11.3 percent over the 1999 Budget Act.
- ▲ The Budget includes approximately \$15.8 million (\$1.4 million General Fund) for the third year of the four-year



plan to improve active treatment for developmental center clients. This augmentation provides about 43 new positions in the developmental centers, including level-of-care nursing, medical and behavioral services, food services, and other ancillary services. In total, the four-year plan adds approximately 1,700 positions.

- ▲ To provide the Department of Developmental Services (DDS) flexibility in the placement of clients with severe behavior problems, \$3.7 million (\$282,000 General Fund) and 89.1 positions are included for the full year-costs of the new Sierra Vista facility in northern California, and \$13.2 million (\$10 million General Fund) and 116 positions are included to acquire and activate the new Canyon Springs facility in southern California.
- ▲ Additionally, the Budget includes \$27.1 million General Fund for critical infrastructure projects and Americans with Disabilities Act improvements. Further, in order to address the issues concerning the aging Developmental Centers, \$250,000 General Fund is included on a one-time basis for DDS to convene a workgroup to explore alternatives for client housing such as rebuilding, refurbishing, or replacing the existing facilities.

REGIONAL CENTERS

- ▲ Total 2000 Budget Act funding for regional centers increases to \$1.9 billion (\$980.8 million General Fund), or 6.4 percent over the 1999 Budget Act.
- ▲ The Budget includes \$246 million (\$227 million General Fund) for regional center costs resulting from increased caseload, service provider rate increases, full-year costs of past wage increases, decreasing the time required to complete client assessments from 120 to 60 days, and additional expenses



incurred as more severely disabled clients move into the community from the developmental centers or other long-term care facilities. Of this amount, \$84.6 million (\$64.8 million General Fund) is included for rate increases for shift nurses, day programs, respite care providers, supportive living service providers, and community care facilities.

DEPARTMENT OF MENTAL HEALTH

- ▲ **Funding Increases**—Total 2000 Budget Act funding for the Department of Mental Health (DMH) increases to \$1.8 billion (\$874.7 million General Fund), or 15.5 percent over the 1999 Budget Act.
- ▲ **Mental Health Initiative**—The Budget includes \$155 million (\$151 million General Fund) for new and/or expanded programs which are intended to meet specific over-arching mental health goals. Priority for funding has been given to programs that have proven effective in preventing institutionalization and hospitalization, and in reducing crime and meeting other goals and objectives these programs are designed to achieve. Programs to be established or expanded under this Mental Health Initiative include:
 - ▼ Mentally Ill Offender Crime Reduction Grants (\$50 million in the Board of Corrections)
 - ▼ Integrated Services to Homeless Adults (\$35.6 million)
 - ▼ Supportive Housing programs (\$25.1 million)
 - ▼ Statewide expansion and full funding for the Children's System of Care (\$15.5 million)
 - ▼ Expansion and enhancement of substance abuse prevention and treatment services to youth and adults (\$13.4 million in the Department of Alcohol and Drug Programs)



▼ Establishment of local crisis intervention and stabilization assistance services (\$6 million)

▼ Caregiver Resource Centers (\$3 million)

▼ Dual diagnosis programs for underserved populations (\$2 million).

▲ **Disabled Victims of Crime**—In addition to the funds included for the Mental Health Initiative, the Budget includes \$739,000 from the Crime Victims Restitution Fund for a new program to assist disabled victims of crime identify and report crime and to assist victims in navigating the justice system.

▲ **Overall Funding Increase**—Including the base budget of approximately \$863 million for these programs, a total of over \$1 billion is provided for mental health services in the 2000 Budget Act. This represents an overall increase of 19 percent. However, the individual increases provided are significant and vary by program, as follows: 15 percent overall increase for programs within the Department of Alcohol and Drug Programs, with youth programs receiving a 43 percent increase; 28 percent increase for programs within the DMH; and 122 percent increase for crime reduction programs within the Board of Corrections.

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

▲ Total 2000 Budget Act funding for the Department of Alcohol and Drug Programs increases to \$526.8 million (\$132.6 million General Fund), or 15.7 percent over the 1999 Budget Act.

▲ The Budget places special emphasis on youth and family substance abuse prevention and treatment services, and includes:



- ▼ \$10 million General Fund to expand Drug Courts to provide treatment services for parents of children who are under the jurisdiction of the family law court, and those who are detained by, wards of, or are dependents of the juvenile court. The purpose of this expansion is to improve the ability of the courts to protect children, strengthen families, increase accountability for juvenile delinquent behavior, and hold parents responsible for drug-related family problems which lead to removal of children from the home.
- ▼ \$31.3 million (\$5.7 million General Fund) for substance abuse prevention and treatment services for youth and \$2.5 million General Fund to replace expiring federal funding to continue the level of services currently provided to pregnant and parenting substance abusing women and their children.
- ▲ The Budget also includes an \$18.7 million (\$9.2 million General Fund) increase for Drug Medi-Cal, a 17 percent increase. Residential treatment, case management, and aftercare services were added as services available to all Medi-Cal eligible clients, subject to federal approval of a State Plan amendment.
- ▲ The Budget also includes an additional \$7.7 million General Fund for the expansion of prevention and treatment services for adults and \$2.8 million General Fund for parolee services.

DEPARTMENT OF SOCIAL SERVICES

CHILD WELFARE SYSTEM

The child welfare system in California provides a continuum of services to children who are abused or neglected, and to their families, through three primary programs: Child Welfare Services (CWS), Adoptions, and Foster Care. The Budget includes



\$2.9 billion (\$1.2 billion General Fund) to provide assistance payments, services, and program administration.

CHILDREN'S SERVICES INITIATIVE

The Budget provides an augmentation of \$99.9 million (\$60 million General Fund) to assist counties with their CWS and adoptions caseloads as well as to provide improved benefits for foster care children and providers. The funding includes:

CWS Social Workers—\$58.1 million (\$34.3 million General Fund) for additional social workers on an interim basis, pending an evaluation of potential redesigns of the CWS system and budgeting methodology based on recommendations from the CWS Stakeholders Group.

The Budget continues to provide \$67.8 million (\$40 million General Fund) as emergency funding for additional county CWS workers to reduce the workload of caseworkers. This workload relief funding has been provided annually since 1998-99.

Foster Care Rate Increases—\$38.5 million (\$17 million General Fund) for rate increases for Foster Family Agencies, Foster Homes, and Group Homes.

CWS Stakeholders Group—\$800,000 (\$500,000 General Fund) to convene stakeholders to review CWS program documentation and recommend ways to improve and integrate CWS with other services.

Adoptions Social Workers—\$22 million (\$12.7 million General Fund) in one-time funding to increase the number of social workers in county adoption agencies to reduce the backlog of children waiting for finalized adoptions.



Clothing Allowance for Foster Children—\$7.7 million (\$4.4 million General Fund) to develop a standardized clothing allowance of \$100 per child.

Stipends for Emancipated Youth—\$3.5 million General Fund to provide stipends for affordable housing, college textbooks, employment searches, emergency personal needs, and transportation for emancipated foster youth.

Kinship Emergency Fund—\$1.7 million (\$1 million General Fund) to establish a Kinship Fund, on a pilot basis, to support relative caregivers by providing one-time assistance and short-term support services.

Live Scan Technology for County Welfare Departments—One-time costs of \$4.9 million (\$2.9 million General Fund) to purchase and install 100 Live Scan units for on-site processing of fingerprint clearances for relative providers. Additionally, the Budget provides \$1.2 million (\$700,000 General Fund) for ongoing maintenance and support for the equipment.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS

The Budget includes total California Work Opportunity and Responsibility to Kids-related (CalWORKs) expenditures of \$7 billion, \$5.9 billion budgeted within the Department of Social Services (DSS) and the remaining \$1.1 billion budgeted in other State programs and in county budgets.

Caseload Trend—Caseload is projected to decrease for the sixth consecutive year in 2000-01, a significant turnaround from the rapid growth of the early 1990s, when the former Aid to Families with Dependent Children program caseload peaked in 1994-95 at 921,000. Full implementation of CalWORKs and continued, though moderating, job growth in 2000-01 is expected to result in



a further decline in caseload to 541,000 cases from 579,000 in 1999-00.

Maintenance-of-Effort Reduction—The 2000-01 CalWORKs budget reflects California's success in having recipients meet the federally mandated work participation requirements. With that goal being met, the federally imposed maintenance-of-effort level for California is reduced from \$2.9 billion to \$2.7 billion, saving \$181.8 million General Fund for use in other priority programs.

Grant Levels—The Budget includes an October 2000 cost-of-living adjustment (COLA) of 2.96 percent based on the California Necessities Index. The October 2000 COLA costs \$89 million, and will increase the monthly cash grant level for a family of three in Region I from \$626 to \$645 and from \$596 to \$614 in Region II.

County Block Grant—The Budget provides block grant funding for counties that may be used to divert recipients from public assistance or to provide employment services, child care, and other supportive services to help transition aid recipients to unsubsidized employment. This block grant provides counties with the necessary fiscal discretion to manage their CalWORKs program to ensure local success. The block grant available to counties in 2000-01 is approximately \$1.6 billion.

CalWORKs Child Care—The Budget funds the projected child care need for CalWORKs recipients. Over \$1.3 billion will be available to provide CalWORKs child care services in 2000-01. Of that amount, \$468.1 million is to be allocated by the DSS to counties for CalWORKs child care. In addition, the budgets for the Department of Education and the CCC include \$704.9 million and \$15 million, respectively, to provide CalWORKs child care services. There also is a \$127.9 million reserve to be used for either DSS or Department of Education child care providers, as needed.



Fiscal Incentives—The Budget includes \$250 million for performance incentive payments to counties, an amount that will be applied first to pay prior year incentive claims from counties. The incentives are the result of savings from (1) recipients' successful exit from the program due to employment, (2) grant savings due to increased earnings, and (3) up-front diversions from initial entry onto aid. The incentives may be reinvested in programs that reflect local priorities and innovative approaches to transition recipients from welfare to work. The statutory framework for incentive payments has been modified beginning in 2000-01 to ensure sufficient future funding for grant payments, employment services, child care, and other CalWORKs program demands.

Needy Families Definition—The CalWORKs needy families definition will be broadened from 125 percent to 200 percent of the federal poverty level for purposes of providing services, such as child care and transportation. Counties will be authorized to spend up to 25 percent of their performance incentive funding on families newly eligible under this expanded definition. Also, pursuant to federal law, counties may use their performance incentive funding to continue to provide services to prevent out-of-wedlock pregnancies and encourage the maintenance of two-parent families, such as after-school programs for teens and domestic violence prevention and treatment, to families with incomes above 125 percent of the federal poverty level.

Federal Welfare-to-Work Grant—The federal Balanced Budget Act of 1997 established the U.S. Department of Labor Welfare-to-Work program to provide grants to states and local communities to assist them in meeting the goals of the federal Temporary Assistance for Needy Families (TANF) program. California uses the funds from this program to supplement the CalWORKs program. The State has received a total of \$367.6 million and has appropriated these funds to the Employment Development Department for allocation to local Service Delivery Areas. The State is required to match every \$2 of this funding with \$1 in state funding within the overall



time frame that the federal funds are being spent. The 2000 Budget Act includes \$48.9 million General Fund, as part of this match. To address the pressing need of caregivers in the health care industry, the Budget targets \$9.9 million of the matching funds for recruitment, retention, and training of workers in nursing homes and for the In-Home Supportive Services Program.

TANF Bonus Awards—The Budget includes \$20 million federal funds awarded to California by the U.S. Department of Health and Human Services for being one of the top five states in the nation with the largest reduction in the ratio of out-of-wedlock births to total births. This one-time bonus is transferred to the Department of Health Services budget for continuation of the Community Challenge Grant Program for teen pregnancy prevention.

The Budget also includes a High Performance Bonus award of \$45.5 million which has been appropriated as part of a \$55.7 million TANF Block Grant reserve to be available for unanticipated needs in any DSS program for which TANF funds are appropriated, including CalWORKs benefit, employment services, and county administration costs. This one-time bonus was awarded to states for their successes in moving welfare recipients to work and sustaining their participation in the workforce.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT PROGRAM

Caseload is projected to increase to 1,094,300 recipients in 2000-01, a 2.9 percent increase over 1999-00. Total Supplemental Security Income/State Supplementary Payment (SSI/SSP) General Fund expenditures are projected to be \$2.6 billion, compared to \$2.5 billion in 1999-00.

In January 2001, SSI/SSP recipients will receive an estimated 2.96 percent COLA, based on the California Necessities Index. This will increase monthly grants for aged/disabled recipients by



\$20 to \$712 for an individual and by \$36 to \$1,265 for a couple. The monthly grants for blind recipients will increase by \$22 to \$771 for an individual and by \$42 to \$1,466 for a couple. California's SSI/SSP payment standards continue to be the highest among the ten most populous states.

IN-HOME SUPPORTIVE SERVICES

The 2000-01 average monthly caseload is projected to be 243,000 cases, an increase of 5.2 percent over the 1999-00 caseload of 231,000. Total In-Home Supportive Services (IHSS) General Fund expenditures are projected to be \$2.1 billion (\$816.3 million General Fund), an increase of 34.1 percent above estimated 1999-00 expenditures.

As part of the Aging with Dignity Initiative, and included in the IHSS total above, the Budget includes an increase of \$221.6 million (\$100 million General Fund) to provide the State share-of-cost for public authority provider wage and health benefit increases, with wages and benefits funded at up to \$8.10 per hour in 2000-01, increasing in subsequent years contingent upon specified growth in General Fund revenues. This \$221.6 million augmentation also provides for a rate increase and service expansion under the contract mode of service. An additional augmentation of \$8.7 million (\$3.7 million General Fund) is included for the State share-of-cost for a 3 percent increase in wages for non-public authority providers.

CASH ASSISTANCE PROGRAM FOR IMMIGRANTS

The Budget includes \$57 million General Fund for the Cash Assistance Program for Immigrants (CAPI) in 2000-01. The program provides benefits to documented persons in the country prior to August 22, 1996, who were not receiving SSI/SSP benefits on September 30, 1998. In addition, the one-year expansion of the CAPI program to include documented persons arriving in the



country after August 22, 1996, has been extended for one year and is scheduled to expire on September 30, 2001.

CALIFORNIA FOOD ASSISTANCE PROGRAM

The Budget includes \$51.1 million General Fund for the California Food Assistance Program (CFAP) in 2000-01. The program provides food coupons to documented persons who entered this country before August 22, 1996, and who are not eligible for federal food stamps solely because of their immigration status. Effective October 1, 1999, the CFAP was expanded for one year to include documented persons who entered this country after August 22, 1996. The 2000-01 Budget includes full-year funding for the expanded CFAP, because the Program has been extended for one additional year, through September 30, 2001.

SUBSTANCE ABUSE PREVENTION

The Budget includes a \$2 million General Fund augmentation to establish pilot programs that provide outpatient drug and alcohol services to low-income women.

DEPARTMENT OF REHABILITATION

Americans With Disabilities Act Compliance—The Budget includes \$60 million (\$20 million General Fund) in new statewide funding to remove architectural barriers to the disabled. This is in addition to specific Americans with Disabilities Act special repair project funds appropriated for individual departments. The Department of Rehabilitation will take the lead in determining the various agencies' projects that will qualify for this statewide program.



EMPLOYMENT DEVELOPMENT DEPARTMENT

Workforce Investment Act—The Budget includes \$629.9 million federal funds for Workforce Investment Act (WIA) programs, representing an increase of \$118 million over the 1999-00 allocation level under the predecessor Job Training Partnership Act (JTPA). The federal WIA, which replaced the JTPA on July 1, 2000, provides for employment and training services targeted to adults, youth, and dislocated workers. The funding and program enhancements under WIA will afford the State the flexibility to integrate existing federal and State programs into a comprehensive and coordinated system of employment training.

Employment Assistance by Faith-Based Organizations—The Budget includes \$5 million General Fund to engage faith-based organizations more directly in the State's effort to deliver employment services. Faith-based organizations are uniquely suited to provide services to certain individuals facing multiple barriers inhibiting their assimilation into the workforce.

CALIFORNIA WORKFORCE INVESTMENT BOARD

The California Workforce Investment Board (CWIB) was established by Executive Order pursuant to the federal Workforce Investment Act, and its main function is to assist the Governor in establishing policies relevant to the State's workforce investment system. The Budget includes federal funding of \$4.7 million and 33 positions (transferred from the Employment Development Department) for the CWIB to conduct its operations.

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

Naturalization Assistance—The Budget provides \$7 million General Fund for naturalization services to assist documented persons in becoming naturalized citizens. This continues a



one-time naturalization assistance effort began in 1998-99 to encourage and facilitate citizenship.

Entertainment Industry Workforce Development—The Budget includes a \$5 million General Fund augmentation for the creation of jobs in the entertainment industry. This one-time funding will be allocated to the Department of Community Services and Development to support a private, nonprofit effort to offer worksite experience, apprenticeships, and job skills advancement within the entertainment industry.

CALIFORNIA DEPARTMENT OF AGING

Aging With Dignity Initiative—The Budget includes three new programs administered by the California Department of Aging as part of the Aging with Dignity Initiative to help seniors and dependent adults live as independently as possible:

- ▲ A Senior Housing Information and Support Center (\$1 million General Fund) will provide information concerning housing options and home modification alternatives to allow seniors to live independently or with their families.
- ▲ A Senior Wellness Education Campaign (\$1 million General Fund) will provide information on innovative community-based and in-home care alternatives to institutional care.
- ▲ A Long-Term Care Innovation Grant program (\$14.8 million one-time General Fund) will provide challenge grant funding to implement and expand community-based adult care alternatives to nursing homes. Foundations and the private sector are challenged to fully fund these innovative grants at \$50 million each year for ten years.

Expansion of Seniors' Programs—The Budget includes additional funding of \$7.2 million (\$5.4 million General Fund) for expansion



of seniors' services programs, including the Multipurpose Senior Services, Health Insurance Counseling and Advocacy, Linkages, and Adult Day Health Care programs.

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

Seismic Retrofit—The Budget includes \$1.3 million (Hospital Building Fund) for 18 new positions in the Office of Statewide Health Planning and Development to review seismic evaluations, compliance plans, and construction schedules required to bring hospitals into compliance with mandated seismic safety standards; conduct field reviews; and review and approve seismic safety assessments and corrective actions to ensure the State's hospitals remain safe and operational after earthquakes.

Cal-Mortgage Program—The Budget includes an augmentation of 6.5 positions and \$1.8 million in reimbursements to improve Cal-Mortgage loan risk assessment and enable the program to coordinate federally required feasibility studies for hospitals. This will assist California hospitals to qualify for new federal hospital construction loans.

Rural Health Development Grant—The Budget includes a one-time continuation of \$3 million General Fund for the Rural Health Development Grant program to provide grants to licensed non-profit and public rural health care providers for capital improvements and equipment, and to recruit health professionals for rural areas.



HOUSING AND COMMUNITY DEVELOPMENT

The Budget includes over \$580 million General Fund to improve housing opportunities for all Californians. This represents an increase of more than 800 percent over last year's budget for such programs—a historic high in General Fund support for housing.

Jobs-Housing Balance - \$110 million—Recognizing that communities play an important role in supporting the supply of housing, the Budget provides \$100 million for an innovative program to encourage local governments to increase permits for housing production. The program will reward communities that issue more permits by providing grants for capital amenities that may mitigate the impact of new housing. Rewards will be structured to favor in-fill and higher density development in areas with increasing employment. The Budget also includes \$5 million for job development grants in communities with adequate housing stocks and \$5 million for predevelopment loans to help developers of affordable housing start new projects.

Homeownership - \$140 million—The new CalHome Program, funded at \$50 million, provides loans and grants to local governments for a variety of homeowner assistance programs. The California Housing Finance Agency (CHFA) will administer a new \$50 million down payment assistance program for low- and moderate-income first-time homebuyers. Additionally, eligibility was expanded for CHFA's \$40 million school facility fee reimbursement program that provides homeownership assistance.

Teacher Home Purchase Program—This new program is being implemented by the California Debt Limit Allocation Committee (CDLAC) to provide \$50 million this year in homeownership assistance for eligible teachers and principals who commit to serve for five years in a California low performing school. This program provides incentives to eligible teachers and principals with a



reduction of their federal income taxes through a tax credit (mortgage credit) or a reduced interest rate mortgage loan.

Rental Housing - \$188 million—The Budget augments the Multifamily Housing Program by \$177 million to a total of \$188 million in 2000-01. This Program helps promote affordable housing through loans for construction, acquisition, and/or rehabilitation of rental housing, and preservation of existing affordable rental housing at risk of converting to market-rate.

Farmworker Housing - \$53.3 million—The Budget includes \$46.5 million to finance the construction or rehabilitation of rental and owned housing for farmworker households, including pilot programs for using manufactured housing, upgrading substandard housing, and integrating health services with housing. The Budget also includes \$6.8 million for repairs and reconstruction for State-owned migrant housing.

Emergency Shelter - \$39 million—The Budget increases the Emergency Housing Assistance Program to \$39 million to support the development and operation of emergency shelters and related services for the homeless. This amount includes \$25 million specifically for grants to construct or expand shelters.

Downtown Rebound - \$25 million—To revitalize downtowns, the Budget provides \$25 million for a new program that funds local planning activities and projects to convert old industrial and commercial buildings to residential uses as well as to promote in-fill projects.

Other Housing Programs - \$10 million—A total of \$10.2 million is appropriated for technical assistance to self-help housing organizations, preservation of low-income rental housing, housing code enforcement, and local housing planning.



Child Care Facilities - \$16 million—To promote the availability of child care, the Budget includes \$16 million in additional capital for the Child Care and Development Facilities Program administered by the Department of Housing and Community Development and the Trade and Commerce Agency. This program provides loans and loan guaranties for the construction of new childcare facilities.



TRADE AND COMMERCE AGENCY

New Economy Initiative—In total, \$14.6 million is provided in the Budget to support the Administration's New Economy Initiative. Funding includes \$4 million for space commerce and aeronautics, \$5 million in grant funds to match federal and private funds for the Next Generation Internet Centers, \$2.1 million for the E-Commerce in Rural Economic Regions Demonstration Project, \$2.3 million for the California Technology Investment Partnership Program, and \$1.2 million for the Manufacturing Technology Program.

Promoting the Motion Picture Industry—The 2000-01 Budget continues efforts to promote California as a film location, providing \$15.3 million to create the Film California First program to reduce location costs to productions filming in California. The Budget also provides \$1.4 million to the California Film Commission for additional marketing and technical assistance to the industry.

Small Business Assistance—A major engine of economic growth in California is the formation and expansion of small businesses. To assist small businesses to grow beyond the start-up stage, the Budget enhances the Small Business Loan Guarantee program by providing an additional \$11 million in capital and operating funds. These funds, when leveraged, will provide about \$35 million in loans to small businesses that have difficulty accessing conventional financing.

Biomass Conversion—The Budget includes \$10 million to support the continued disposal of agricultural wastes as fuel for biomass-to-energy facilities. Conversion of waste to fuel instead of burning it in the field reduces air pollution that would otherwise contribute to a worsening air quality situation in the Central Valley, and threaten to stifle the growth of all economic activity in the region.



RESOURCES AND ENVIRONMENTAL PROTECTION

HABITAT AND LAND CONSERVATION, PARKLAND, AND OPEN SPACE

NEIGHBORHOOD AND STATE PARK BOND

The Budget provides \$1.2 billion from the new 2000 Park Bond for the acquisition, development and protection of recreational, cultural, and natural areas, including:

- ▲ \$499.7 million for grants to local agencies
 - ▼ \$366.5 million for per-capita grants
 - ▼ \$47.2 million for Murray-Hayden park, youth center, and environmental enhancement grants
 - ▼ \$13.6 million for regional soccer and baseball field grants
 - ▼ \$64.7 million for bond-specified local grants
 - ▼ \$5 million for agricultural land stewardship grants
 - ▼ \$2.7 for urban forestry grants
- ▲ \$216.1 million for the restoration, preservation, and acquisition of sensitive habitats
- ▲ \$203.3 million to rehabilitate, restore, and improve units of the State Parks system
- ▲ \$165.4 million for coastal acquisitions, restoration, and enhancement projects



LAND CONSERVATION MATCHING GRANT

The Budget includes \$75 million (\$54 million in the Wildlife Conservation Board and \$21 million in the Coastal Conservancy) for matching grants to purchase parks and open space preserves, and purchase and restore wildlife habitat.

UC MERCED

The Budget provides \$13.8 million to assist development and implementation of various natural resources conservation plans related to construction of UC Merced and protecting the surrounding environment. An additional \$30 million is included in the Budget to acquire approximately 60,000 acres adjacent to the new campus to help ensure the protection of wetlands, waterways, and wildlife around the campus.

PARK FEE REDUCTION

The Budget provides \$36.6 million to reduce entrance fees at State parks to improve accessibility to all Californians and their families.

FISH AND GAME

The Budget includes \$26.9 million to enhance the ability of the Department of Fish and Game to carry out its responsibilities. This represents a 73 percent increase in General Fund for the department and will enable it to increase the number of timber harvest and environmental plans reviewed, increase the number of wardens in the field, replace aging vehicles and equipment, and improve administrative operations.

NORTH COAST WATERSHED ASSESSMENT

The Budget includes \$11.3 million to develop baseline information on watershed conditions that will be used to establish a scientific framework for improving a range of watershed protection, conservation, and restoration programs.



WATER QUALITY AND WATER SUPPLY

WATER BOND

The Budget includes \$763 million from the new 2000 Water Bond, including:

- ▲ \$45.2 million for safe drinking water projects
- ▲ \$149.3 million for flood control projects
- ▲ \$171.0 million for water supply reliability
- ▲ \$259.6 million to protect watersheds
- ▲ \$97.6 million for water treatment and recycling
- ▲ \$40.6 million for water conservation
- ▲ \$84.5 million for various river parkway project (This funding is also included in the figures above).

CALFED

The Budget provides \$136.1 million to continue the State's commitment to address environmental restoration and water management in the San Francisco Bay and the Sacramento-San Joaquin River Delta. An additional \$125 million is set-aside to begin implementation of the Record of Decision recommendations released in June 2000.

WATER QUALITY

The Budget includes over \$50 million General Fund to enhance water quality monitoring and assessment, including development and implementation of preventive and corrective measures to address water quality impairments, mitigation of acid mine drainage, cleanup of contaminated sediments in coastal waters, and restoring the Salton Sea.



AIR QUALITY

The Budget includes \$100 million to reduce diesel emissions, including \$45 million to provide grants for projects that reduce emissions from diesel trucks and equipment below levels required under existing regulations, \$5 million for advanced technology projects and the development of an alternative fuels infrastructure, and \$50 million to replace high-polluting school buses and install special exhaust filters.

URBAN CLEANUP

The Budget includes \$85 million to clean up and redevelop abandoned or idled industrial commercial facilities where expansion or redevelopment is complicated by environmental contamination. Funds will be used to provide technical assistance to land owners and developers to determine the condition of known or suspected contaminated properties, and to provide loans to schools, developers, and local governments to clean up contaminated sites.

CHILDREN'S HEALTH

The Budget includes \$5.2 million to ensure that children are adequately protected from environmental pollutants, including:

- ▲ \$2.8 million to assist in investigations and provide technical assistance related to the cleanup of hazardous substances at school sites.
- ▲ \$1.0 million to evaluate indoor air quality in portable classrooms.
- ▲ \$843,000 to evaluate the cancer risk to children from exposure to nonair pollutants and to develop school risk assessment guidelines.



- ▲ \$608,000 to implement pest management plans at schools to reduce the use of chemical pesticides and exposure of children to chemicals.

ENVIRONMENTAL ENFORCEMENT

The Budget includes an increase of \$4.9 million to strengthen environmental protection efforts through an integrated statewide enforcement program that will shorten the amount of time needed between identifying a problem and taking action, and increase criminal and civil legal actions when necessary.



CAPITAL OUTLAY

The Budget and subsequent legislation include over \$2 billion for infrastructure statewide, excluding funding for transportation infrastructure. The General Fund contributes \$436.8 million of the total, and the balance is from various bond and special funds.

Most notable are:

- ▲ \$670.4 million from the 1998 Higher Education Capital Outlay Bond Fund to complete numerous construction projects for the UC, the CSU, and the CCCs.
- ▲ \$600 million in lease revenue bonds to correct seismic deficiencies at UC hospitals.
- ▲ \$75 million General Fund to design and construct three California Institutes for Science and Innovation. These Institutes will be centers for strategic innovations that combine excellence in cutting-edge research with collaboration and training for our next generation of scientists and technical leaders.
- ▲ \$25 million from the 2000 Neighborhood and State Park Bond Fund for various capital outlay projects within the Department of Parks and Recreation. (See further discussion of all State Park Bond expenditures in the “Resources and Environmental Protection” section.)
- ▲ \$96 million General Fund for the construction of a state-of-the-art crime laboratory to serve the Los Angeles region.
- ▲ \$14.1 million from the Department of Justice to complete the Santa Rosa and Redding replacement forensic laboratories, and purchase the Freedom replacement laboratory.



GENERAL GOVERNMENT

DEPARTMENT OF VETERANS AFFAIRS

The Administration is committed to assuring that the Veterans Homes of California provide top quality health care to our veteran residents. The Budget Act includes funding for improvements to the Barstow and Yountville Veterans Homes to ensure that our resident veterans receive top-notch nursing and medical care, and that each resident's quality of life is enhanced by plentiful recreational and rehabilitative activities, as follows:

Improved Patient Care—\$9.0 million to provide recruitment and retention incentives to patient care staff, implement a statewide quality assurance program in the veterans homes, and hire additional medical and related staff such as licensed administrators, nurse practitioners, physicians, and other essential support positions.

Program Supplements and Expansions—\$966,000 for additional therapeutic and recreational activity staff, an increase in the Yountville Home food budget, a pilot program for Barstow Home residents with Post Traumatic Stress Disorder, and an on-site clinical laboratory to enhance Barstow Home services.

Infrastructure Improvements—\$3.0 million for environmental and facility improvements in the veterans homes including special repairs at the Yountville Home chapel, automatic faucets at the Barstow Home, lifting devices to prevent healthcare worker injuries, and additional environmental maintenance staff for the upkeep of the Yountville Home.



OFFICE OF THE INSPECTOR GENERAL FOR VETERANS AFFAIRS

The Budget funds the Office of the Inspector General for Veterans Affairs by providing a program augmentation of \$425,000 for support staff, office space, and equipment. The Office of the Inspector General is responsible for reviewing the operations and financial condition of each California veterans home, the Cal-Vet Farm and Home Purchase Program, and other veterans programs supported by the State.

MILITARY DEPARTMENT

State Honor Guard Expenses—The Budget includes \$1.3 million and 27 temporary help personnel years to ensure that California's veterans are provided proper military burial honors. Consistent with the Administration's commitment to honor the State's veterans, the California National Guard will establish two-member regional teams to render military honors at funerals for deceased veterans.

California Cadet Corps—The Budget contains \$1.5 million General Fund and six personnel years to reestablish state management and oversight of the California Cadet Corps program. The Corps is a statewide, school-based education and prevention program that provides specialized academic and military style training to address problematic behavior, substandard academic performance, self-esteem issues, and other at-risk factors.

Oakland Military Institute—Reflective of the Administration's commitment to explore alternative educational models, funding of up to \$1.3 million General Fund is included in a budget trailer bill (AB 2866, Chapter 127, Statutes of 2000) to provide the first year of funding for the Oakland Military Institute, in a cooperative partnership with the City of Oakland and a local school district. The Institute will provide a structured, disciplined, nonresidential, college preparatory setting for 162 seventh-grade students in an



environment that will develop academic and leadership skills while building self-esteem and a strong sense of community.

DEPARTMENT OF GENERAL SERVICES

One-Stop E-Business Center—Currently, business interactions with government can be cumbersome, excessively complicated, and costly in terms of time and money. The Budget includes \$4.6 million to create a single Internet portal that will provide direct and easy access to government by businesses.

Ensuring the Reliability of Emergency Communications—Effective communication between public safety agencies during disasters, crimes, and other emergencies saves lives and property. The proposed Public Safety Radio Integrated Systems Management (PRISM) project would make an integrated communication system available to all major state public safety agencies, which currently use separate and often incompatible radio systems. The Budget includes \$1.8 million for engineering and design related to the PRISM system, as a precursor to a potential pilot project in a six-county region centered on Sacramento.

Alternative Fuel Vehicles—Consistent with the Administration's goal of reducing air pollution and California's dependence on petroleum, the Budget includes \$12.3 million for the purchase, operation, and maintenance of 584 alternative fuel vehicles and \$1.9 million to construct three refueling stations for these vehicles in Sacramento, Oakland, and Los Angeles.

DEPARTMENT OF CONSUMER AFFAIRS

The Budget contains \$47 million for the Smog Check Consumer Assistance Program. This Program will provide enhanced repair assistance benefits to income eligible individuals whose vehicles have failed a smog check inspection, as well as to individuals whose vehicles failed after being directed to a Test-Only station for



smog inspection. The program will also provide up to \$1,000 to vehicle owners who elect to retire their vehicles after failing the smog check inspection.

DEPARTMENT OF INFORMATION TECHNOLOGY

The Budget includes \$1.8 million to provide greater oversight of State information technology (IT) efforts to minimize project risk and optimize the return on the State's IT investment.

STATE PERSONNEL BOARD

Dymally-Alatorre Bilingual Services Act—The Budget includes \$585,000 for the State Personnel Board to develop an oversight strategy for state agency compliance with the provisions of the Dymally-Alatorre Bilingual Services Act to ensure that non-English speaking persons are provided the same level of services as English-speaking individuals.

DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING

- ▲ The Budget includes \$1 million to establish a pilot Mediation Unit to offer employees and employers assistance in resolving employment complaint cases outside of the existing investigation and litigation process.
- ▲ The Budget also provides \$113,000 for a Public Information and Technical Assistance Unit to enhance public awareness of the rights and remedies available under California's civil rights laws, and to improve the delivery of assistance to employers and housing providers.



CALIFORNIA ARTS COUNCIL

- ▲ The Budget includes \$10 million for the Arts in Education Program, which will focus on arts education using adopt-a-school partnerships, K-12 arts education programs, and professional development assistance for classroom teachers.
- ▲ The Budget provides \$2 million for the Multicultural Arts Development Program. These funds will be for culturally specific organizations or artists who have a demonstrated commitment to cultural art.
- ▲ The Budget provides \$3 million for the Simon Wiesenthal Center, Museum of Tolerance project "Finding Our Families, Finding Ourselves." This exhibit will focus on the personal histories of people whose families came to this country as immigrants.
- ▲ The Budget also includes \$2 million for the Simon Wiesenthal Center, Museum of Tolerance to provide training to approximately 5,000 teachers in K-12 public schools on tolerance and diversity.

DEPARTMENT OF INDUSTRIAL RELATIONS

- ▲ The Budget contains \$3.0 million to implement the provisions of Chapter 554, Statutes of 1999, which establishes the Garment Manufacturers Inspection Program and requires the Department of Industrial Relations (DIR) to establish new procedures for the resolution of claims for unpaid wages and overtime for workers in the garment industry.
- ▲ The Budget includes \$2.3 million for increased enforcement of occupational safety and labor standards to implement the provisions of Chapter 615, Statutes of 1999. Chapter 615 requires the DIR to increase civil and criminal penalties for violations of occupational health and safety standards, and



extends the period in which discrimination complaints can be filed against employers.

- ▲ The Budget provides \$2.1 million to establish the Permanent Amusement Ride Safety Inspection Program. This program requires mechanical and operational inspections of all permanent amusement rides, and requires owners of these rides to submit an annual certificate of compliance to the DIR.
- ▲ The Budget contains \$575,000 for the Division of Labor Statistics and Research to conduct prevailing wage reviews, labor market investigations, and area practices investigations.

DEPARTMENT OF FOOD AND AGRICULTURE

- ▲ The Budget includes \$6.9 million for State and local agencies to combat Pierce's Disease and its vectors. This funding augments the \$6.9 million appropriated by Chapter 21, Statutes of 2000 (SB 671) for this purpose.
- ▲ The Budget provides approximately \$1.5 million for the Integrated Food Safety Program to conduct additional inspections related to enforcement of and compliance with milk and dairy food standards and to the illegal production of dairy products.
- ▲ The Budget includes an additional \$2.4 million to reduce the growing threat to California from invasive pests, including \$1.3 million to expand the trapping of those pests, \$630,000 to expand the Preventative Med-fly Release Program in the Los Angeles basin, and \$500,000 to expand public outreach and education activities related to the Program.
- ▲ The Budget also includes \$250,000 for a two-year pilot program involving a coalition with New Mexico, Florida, Arizona, and Texas to gain attention and consideration at the



national level of important agricultural issues in the areas of research, conservation, risk management, international trade, animal and plant health, pest prevention programs, and agricultural labor.

OFFICE OF EMERGENCY SERVICES

- ▲ The Budget includes \$5 million to provide matching grants to public television stations to purchase and install digital broadcasting equipment which will increase emergency broadcasting capabilities and provide greater access to emergency information.
- ▲ The Budget also includes \$1.8 million to purchase seven new fire engines to replace older vehicles, thereby helping local fire and rescue teams function at maximum efficiency to preserve lives and property.
- ▲ An additional \$2.6 million is included to purchase certain equipment, including base station radios for the dispatch and deployment of mutual aid fire engines to provide a more reliable means of communication in emergencies.
- ▲ The Budget provides \$51.2 million for payment of disaster response and recovery costs incurred by local governments for various past disasters, including the Northridge Earthquake.

MANAGED CARE

On July 1, 2000, the Department of Managed Care assumes responsibility from the Department of Corporations for licensing and regulating health care service plans and for implementing the 1999 package of health care reform legislation. The Budget includes \$34 million for the new department, a 119 percent increase over the funding provided in last year's budget for oversight of managed care.



To assist in this transfer of responsibilities, the Budget provides \$7.6 million for one-time and other transition costs. The Budget also includes \$1.4 million for increased regulatory enforcement efforts to address deficiencies uncovered through licensing, surveys, and examinations of health plans and from consumer complaints; \$3.3 million to improve responsiveness to consumer requests for assistance; \$2.0 million for consumer education; \$988,000 to implement the new Office of Patient Advocate; \$794,000 to establish the Financial Standards Solvency Board that will address health care plan and provider fiscal accountability; and \$1.4 million for the independent medical review process to quickly resolve disputes between consumers and plans about treatment decisions.



LOCAL GOVERNMENT

The 2000 Budget Act provides significant assistance to local governments as described below:

Financial Assistance to Local Governments—The Budget sets aside \$200 million for one-time discretionary funding to local governments. The allocation of these funds will be determined in subsequent legislation.

Local Public Safety—The Budget provides significant funding for local public safety purposes as follows:

- ▲ **Citizens' Option for Public Safety (COPS)**—\$121.3 million for the COPS program, which is \$21.3 million above the 1999-00 level to ensure that all local law enforcement agencies will receive at least \$100,000. The COPS program supports local front-line law enforcement, sheriffs' departments for jail construction and operations, and district attorneys for prosecution. The extension of the program and the minimum funding level of \$100,000 will encourage the hiring of additional sworn peace officers. In addition, the Administration supports subsequent legislation that would provide funding for proven juvenile justice programs at the local level.
- ▲ **Technology Funding for Local Law Enforcement**—\$75 million in one-time funding to local law enforcement agencies for the purchase of high-technology equipment. Local agencies will receive a minimum of \$100,000 and an additional per-capita amount. These funds will help local law enforcement agencies address crime prevention and suppression problems through the use of high technology equipment.



- ▲ Joint City-County Crime Lab in Los Angeles—\$96 million for a one-time local assistance grant to the City of Los Angeles and Los Angeles County to construct a joint state-of-the-art crime laboratory to house forensic services and training components of the Los Angeles Police and Sheriffs Departments.
- ▲ Juvenile Detention Facilities—\$75 million for allocation by the Board of Corrections to counties for capital construction of local juvenile detention facilities. In addition, \$37.5 million in federal grant funds are also available for the construction of juvenile detention facilities.
- ▲ DNA profiling—\$50 million to conduct DNA analysis of evidence to establish innocence and determine guilt in unsolved sexual assault cases. This funding will be available for three years to provide local law enforcement agencies with the resources necessary to process 18,000 rape investigation kits.

Housing—Local government will receive \$115 million in grants for several programs to increase housing production and match economic development with housing, as follows:

- ▲ \$100 million for incentive grants under the Jobs-Housing Balance Program to counties and cities that increase their issuance of housing building permits. The program rewards developments that provide housing that is affordable, close to growth in employment, and in-fill or higher density in nature. Grants may be used for any community capital amenities that may mitigate the impact of new housing.
- ▲ Three \$5 million grant programs for economic development planning in areas with high ratios of housing stock to local jobs, building code enforcement, and interregional planning.

Transportation—Legislation accompanying the Budget provides \$2 billion to establish the Traffic Congestion Relief Fund, which



when fully funded will provide over \$4.9 billion in additional General Funds towards transportation projects that benefit the state's most congested areas. Many of these projects will be funded in partnership with local government and are high priorities to local planners. Additionally, \$400 million for deferred maintenance of local streets and roads will be allocated by formula grant in 2000-01. Chapter 91, Statutes of 2000, dedicates 100 percent of the General Fund sales tax on gas to transportation purposes over five years, beginning in 2001-02. In addition to completing the funding of the Traffic Congestion Relief Fund, these sales tax revenues on fuel will provide over \$108 million annually for street and road maintenance, over \$25 million annually for local transit operating costs and over \$80 million annually in regionally programmed State Transportation Improvement Program funding.

Resources and Environmental Protection—\$85 million is provided for the Urban Cleanup Initiative to assist in the cleanup and redevelopment of contaminated properties throughout the state. Additionally, the Budget includes \$1.2 billion from the new Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 to purchase and restore local and state parks lands and sensitive natural habitats, and enhance recreational and cultural opportunities for the citizens of the state. The Budget also provides \$763 million from the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act of 2000 to make the state's drinking water safe, reduce water pollution, improve flood protection and increase the state's water supply.

Health and Human Services—The Budget provides for significant funding local health and human services purposes, as follows:

Mental Health—The Budget provides \$150.5 million for mental health programs:



- ▲ On a one-time basis, \$50 million for the Adult Mentally Ill Offender Crime Reduction Program that addresses the specific needs of those who have been involved in the criminal justice system and the communities in which they reside.
- ▲ \$35.6 million in increased funds for the Integrated Services for Homeless Adults Program to actively seek out and provide treatment services to thousands of adults who are homeless or at-risk of criminal involvement and who do not request treatment.
- ▲ \$25 million in Supportive Housing Grants to construct supportive housing, including housing for young adults leaving foster care and persons with a variety of disabilities.

Social Services—The Budget provides an augmentation of \$52.6 million for social services programs, including:

- ▲ \$34.3 million for Child Welfare Services Emergency Workload Relief
- ▲ \$12.7 million to reduce the backlog of children waiting for finalized adoptions.



STATEWIDE

Benefit Funding for Janitor and Other Contract Employees—The Budget includes \$6.0 million to fund the costs of providing benefits, such as health, dental, and vision coverage, to certain contract employees. A related trailer bill, AB 2866, requires personal services contracts for janitors and other specified workers to include provisions for these benefits at a level roughly comparable to that provided to State employees performing similar duties.

State Teachers' Retirement System—The General Fund will contribute \$1.0 billion to the Teachers' Retirement Fund for enhanced retirement benefits for teachers and to maintain the purchasing power protection benefit at 75 percent.

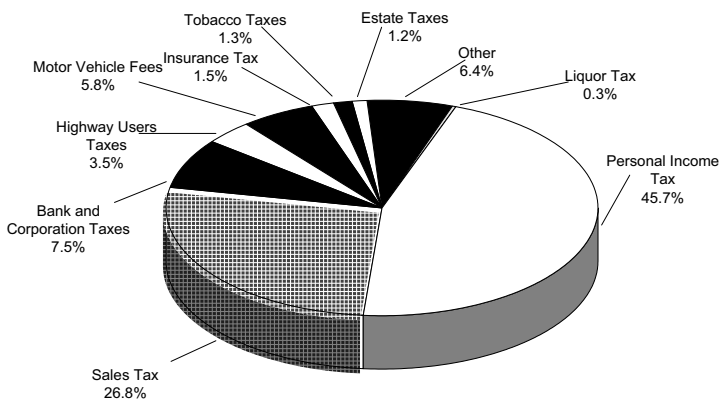
Employee Compensation—The Administration successfully negotiated two-year agreements with the 21 State employee collective bargaining units in 1999. These contracts include provisions for a 4 percent general salary increase effective September 1, 2000. The 2000-01 cost of this increase, \$347.5 million (\$173.8 million General Fund), is reflected in departmental budgets.

The Budget includes \$60 million (\$30 million General Fund) to provide additional compensation adjustments to State employees. These adjustments include:

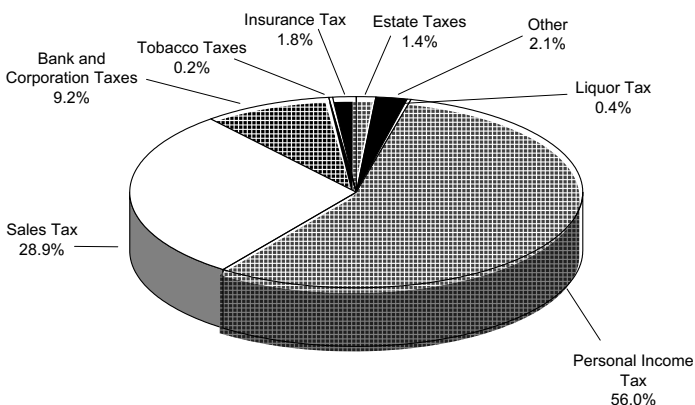
- ▲ \$11.1 million (\$3.9 million General Fund) to fund negotiated compensation increases for employees in Information Technology classifications.
- ▲ \$48.9 million (\$26.1 million General Fund) to fund other employee compensation adjustments, including an employer contribution to a 401(k) plan for excluded employees.

REVENUES 2000-01 FISCAL YEAR

Total Revenues and Transfers



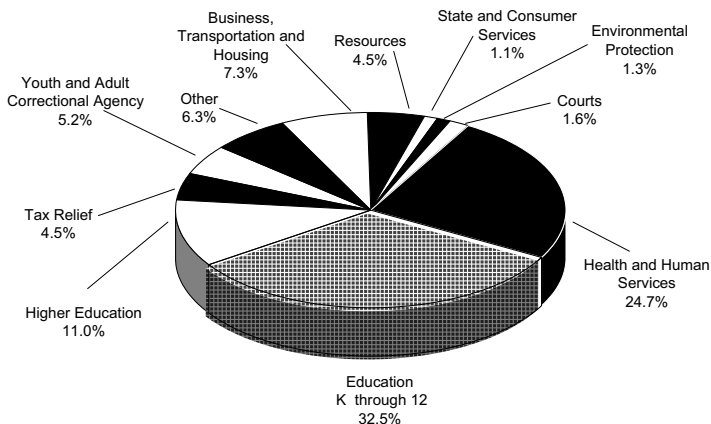
General Fund Revenues and Transfers



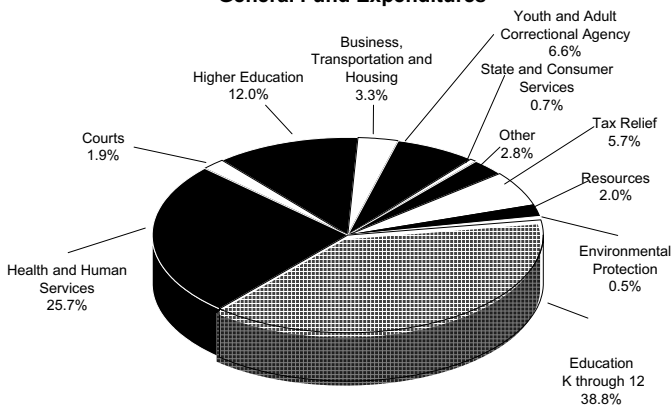


EXPENDITURES 2000-01 FISCAL YEAR

Total Expenditures
(Including Selected Bond Funds)



General Fund Expenditures





2000-01 Revenue Sources

(Dollars in Millions)

	General Fund	Special Fund
Personal Income Tax	\$41,339	--
Sales Tax	21,318	\$2,903
Bank and Corporation Tax	6,800	--
Highway Users Taxes	--	3,172
Motor Vehicle Fees	27	5,199
Insurance Tax	1,321	--
Estate Taxes	1,047	--
Liquor Tax	287	--
Tobacco Taxes	132	1,077
Horseracing Fees	1	33
Other	1,590	4,139
Total	\$73,862	\$16,523

2000-01 General Fund Budget Summary

(Dollars in Millions)

	1999-00	2000-01
Prior Year Balance	\$3,851	\$7,827
Revenues and Transfers	\$71,162	\$73,862
Total Resources Available	\$75,013	\$81,689
Expenditures	\$67,186	\$78,816
Fund Balance	\$7,827	\$2,873

Budget Reserves:

Reserve for Liquidation of Encumbrances	\$592	\$592
Set aside for Litigation	\$0	\$500
Special Fund for Economic Uncertainties	\$7,235	\$1,781



2000-01 Expenditures By Fund

(Dollars in Millions)

Function	General Fund	Special Funds	Bond Funds	Total
Education (K-12)	\$30,603	\$46	\$1,707	\$32,356
Health and Human Services	20,284	4,271	--	24,555
Higher Education	9,445	686	767	10,898
Business, Transportation and Housing	2,586	4,301	333	7,220
Trade and Commerce	108	9	--	117
Tax Relief	4,488	--	--	4,488
Local Government Subventions	523	3,230	--	3,753
Youth and Adult Corrections	5,179	18	--	5,197
Resources	1,599	1,046	1,879	4,524
Environmental Protection	418	578	334	1,330
State and Consumer Services	533	496	27	1,056
Other	3,050	879	1	3,930
Total	\$78,816	\$15,560	\$5,048	\$99,424

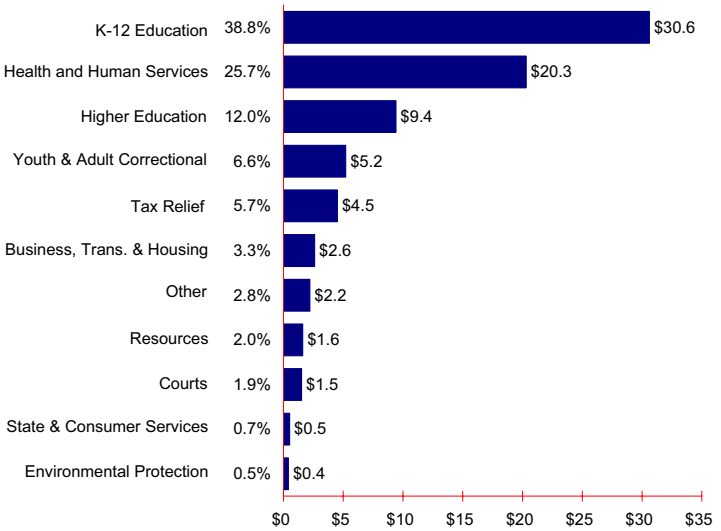
General Fund Expenditures by Agency

(Dollars in Millions)

	1999-00	2000-01
Legislative, Judicial, Executive	\$2,336	\$2,616
State and Consumer Services	492	533
Business, Transportation & Housing	398	2,586
Trade and Commerce	483	109
Resources	1,442	1,599
Environmental Protection	178	418
Health and Human Services	17,724	20,284
Youth and Adult Correctional	4,836	5,179
K-12 Education	27,483	30,603
Higher Education	8,066	9,445
General Government	3,748	5,444
Total	\$67,186	\$78,816



2000-01 General Fund Expenditures (Dollars in Billions)





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California's Budget on the Internet

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